Brandon University Retirement Plan
Board of Trustees
Thursday, June 6, 2019 at 1:00 pm
Meeting Room "A" – McMaster Hall

AGENDA

1.0 Call to Order

2.0 Approval of Agenda and Minutes

2.1 Approval of Agenda of June 6, 2019

2.2 Approval of Minutes of February 26, 2019

3.0 Connor, Clark & Lunn Investment Management Ltd (Lori Satov)

3.1 Investment Performance Review

4.0 New Business

4.1 Approval of the Actuarial Valuation of the Brandon University Retirement Plan as at December 31, 2018 (Eckler Ltd)

4.2 Approval of the Brandon University Retirement Plan Annual Report Incorporating the Annual Financial Statements (Todd Birkhan, BDO Canada; Allison Noto, BU)

a) Brandon University Retirement Plan – Audit Results Memo (2018)
b) Brandon University Retirement Plan – Annual Report 2018

4.3 Pension Trustee Training Session (A. Kulyk, Eckler Ltd)

5.0 Continuing Business

5.1 Draft Amendment 2019/01 (A Kulyk, Eckler Ltd.)

5.2 Brandon University Pension Plan Trust Agreement (S Lamont)
a) PSAC membership
b) BUFA feedback (Deed of Amendment; Agreement Approval)
c) Current and proposed Schedule "B" Acceptance

6.0 Correspondence

6.1 CIBC Mellon Custodial Fees – Invoices

Invoice #	Duration	Amount
217024	Apr 1-30, 2019	$10,490.29
215526	Mar 1-31, 2019	$10,342.91
213977	Feb 1-28, 2019	$10,292.73
212604	Jan 1-31, 2019	$10,369.82
211043	Dec 1-31, 2018	$9,038.62
209726	Nov 1-30, 2018	$9,738.34
208234	Oct 1-31, 2018	$9,457.77

6.2 Connor, Clark & Lunn - Invoice

Invoice #	Duration	Amount
1451_458	Jan 1-Mar 31, 2019	$141,896.28

6.3 Eckler Ltd

Invoice #	Duration	Amount
Administration Services 0194BUN10-WW-18-0411	Oct 1-Dec14, 2018	$12,280.01
Professional Services 0192BUN01 -WW-18-0447	Oct -Dec, 2018	$23,289.32
Administration Services 0194BUN10-WW-18-0350	July 1-Sept 30, 2018	$13,637.14
Professional Services 0192BUN01 – WWW-18-0330	July – Sept 2018	$53,207.92
Professional Services – 0192BUN01 -WWW-18-0447	Oct – Dec 2018	$23,289.32
Administration Services – 0194BUN10 – EB1–19-0767	Dec 15, 2018 – Mar 31, 2019	$16.530.11
Professional Services – 0194BUN10 – EB1-19-0823	Jan – Mar 2019	$30,378.08

6.4 BU Miscellaneous

Invoice #	Duration	Amount
762549	Feb 28/18-Jan 11/19	$4,923.75

7.0 For Information

7.1 Current Membership, Pension Trustees
7.2 Reciprocal Agreements
7.3 [Brandon University Retirement Plan Booklet]

8.0 Upcoming Meeting Dates

November 27, 2019, 1:00-4:30 pm, Louis Riel Room

Brandon University Retirement Plan
Pension Trustees
Tuesday, February 26, 2019
MEETING MINUTES

Present:	Todd Fugleberg (BUFA), Chairperson Heather Gillander (BUFA) Shawn Chambers (Board of Governors) via telephone Allison Noto (Board of Governors) Eric Raine (MGEU) Brent Cuvelier (IUOE-A) Maurice Koschinsky (Retiree)
Resource:	Scott Lamont, Vice-President (Administration & Finance)
Regrets:	Kim Meadows (IUOE-D) Karen MacDonald (Exempt) Becky Lane (MGEU)
Guests:	Lori Satov, Connor, Clark & Lunn Andrew Kulyk, Eckler Ltd Todd Birkhan, BDO Canada

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1.0 Meeting called to order at 1:05 pm

2.0 Approval of Agenda and Minutes

2.1 Approval of Agenda of February 26, 2019

> Motion: Moved and Seconded (E Raine/A Noto)
>
> BE IT RESOLVED THAT THE agenda for the February 26, 2019 meeting of the Brandon University Retirement Plan Pension Trustees be approved.
>
> CARRIED

2.2 Approval of Meeting Minutes of November 27, 2018

> Motion: Moved and Seconded (A Noto/B Cuvelier)
>
> BE IT RESOLVED THAT THE minutes for the November 27, 2018 meeting of the Brandon University Retirement Plan Pension Trustees be approved.
>
> CARRIED

3.0 Connor, Clark and Lunn Investment Management Ltd. (L Satov)

3.1 Investment Performance Review

- CC&L are managing $46 B in assets at year end due to the movement in the market, down from $50 B.
- There are 3 new partners for a total of 28 currently in CC&L.
- Market Volatility – The 4th quarter earnings were down; year-end earnings were negative.
- Market – Still in the longest recovery on record, monetary policy continues to be a concern.
- 2018 was more volatile than 2017; but we are still under long-term average volatility.
- Large capital and defensive stocks had better results; however bonds dropped in value.
- Portfolio –
  - Performance of the BU Retirement fund is -2.4% YTD, right on benchmark;
  - 2019 YTD the BU Fund returned 6.9% for the portfolio compared with the benchmark of 6.6%;
  - Bonds are underweight due to risk expectations;
  - Global performance is strong for 2019.
- Economic Outlook –
  - World is awash in debt with excess liquidity from central banks;
  - US growth is strongest, with other world economies positive but weaker;
  - China is stimulating its economy to get consumers to spend – they have the ability to continue to drive the economy;
  - CC&L feels we are getting to the end of the market cycle, but no one knows when it will end. Yield curve inversion would signal the change (Short-Term paying more than Long-Term bonds);
  - Once yield curve inverts, there is another 12-18 months of good returns left.
- Investment Strategy –
  - There has not been much change quarter to quarter or year over year.

4.0 New Business

4.1 BU Retirement Plan – Audit Plan (T. Birkhan, BDO Canada)

- T Birkhan noted that he is representing both BDO Canada and the Provincial Auditor General.
- BU uses specialists including actuarial, BDO audits the specialists and the information they are using to ensure it is reasonable.
- Their approach is more substantive rather than relying on controls. Audit areas that have a greater chance of being wrong, and where the consequence would be the greatest to receive the most attention – this includes investments and pension obligations.
- They would assume there is a risk of fraud, not necessarily actual fraud.
- The Audit plan will change if something was discovered along the way.
- T Birkhan discussed the upcoming audit and asked whether Trustees had any concerns.
- BDO does the front end work following their audit plan, then BDO sends their work to the Provincial Auditor who issues the opinion on the statements. The opinion is returned to the Trustees.
- The main question is whether the statements are good enough to allow the management and Board to make informed decisions.

4.2 2019 Pension Increase (A Kulyk)

- There will be no cola increase in July 2019 because the average return on the Plan investments is less than 6%.
- For 2019, the return would have to be in excess of 8.37% in order for there to be a cola increase in July 2020.

4.3 Updated financial position of Plan as of December 31, 2018 and estimated University contributions required (A Kulyk)

- Depending on the discount rate selected, the going concern unfunded liability will either be just above or just below zero, which is fully funded.
-

> Motion: Moved and Seconded (E Rain/H Gillander)
>
> BE IT RESOLVED THAT THE Brandon University Retirement Plan Pension Trustees approve the recommendation to leave the discounted rate used to determine the unfunded liability at 5.55%.
>
> CARRIED

- With this decision by the Trustees, the Plan will have a $635,000 estimated unfunded liability. However, the total estimated required University contributions, inclusive of current service costs, special payments and additional required contributions for 2019 will be similar to 2018. This number is likely to remain about this level going forward as well as it is the minimum required payment by the employer into the Plan.

4.4 December 31, 2018 Actuarial Valuation Assumptions (A Kulyk)
- A Kulyk reviewed the valuation assumptions and reminded the Trustees about the valuation process to be completed this spring.

4.5 Draft Amendment 2019/01 (A Kulyk)
- A Kulyk reviewed each of the proposed Plan amendments.
- The vote was deferred until the next meeting co complete the last amendment and to have more Trustees present to be aware of the changes and to vote.

4.6 Request from Plan member
- The request was whether to allow retro-active retirement from the member, who has a deferred pension. This is not currently addressed in the BU Retirement Plan document. If so, whether to provide a retro-active lump sum or to actuarially increase the pension from the point of retirement forward.

> Motion: Moved and Seconded (H Gillander/A Noto)
>
> BE IT RESOLVED THAT THE Brandon University Retirement Plan Pension Trustees approve the retro-active retirement of this member and the adjustment of the pension of said member to reflect the later retirement commencement with an actuarial value equal to what it would have been had they retired at age 65.
>
> CARRIED

A Noto assumed the role of Chair when T Fugleberg and S Chambers left the meeting at 3:30 p.m.
B Cuvelier left the meeting at 3:45 p.m.

5.0 Continuing Business

5.1 Brandon University Pension Plan - Trust Agreement revisions.
- Deferred to the next meeting.

6.0 Correspondence

- Deferred to the next meeting.

7.0 For Information

- Deferred to the next meeting.

8.0 Upcoming Meeting Dates

Thursday, June 6, 2019	1:00-4:30 pm	Meeting Room A, McMaster Hall
Wednesday, November 27, 2019	1:00-4:30 pm	Louis Riel Room, McMaster Hall

9.0 Adjournment

Motion Moved and Seconded (E. Raine/H Gillander)

BE IT RESOLVED THAT THE Brandon University Retirement Plan Pension Trustees approved adjournment of the meeting at 4:50 pm.

CARRIED

FIRST QUARTER 2019 REVIEW

Lori Satov
June 6, 2019

BRANDON UNIVERSITY

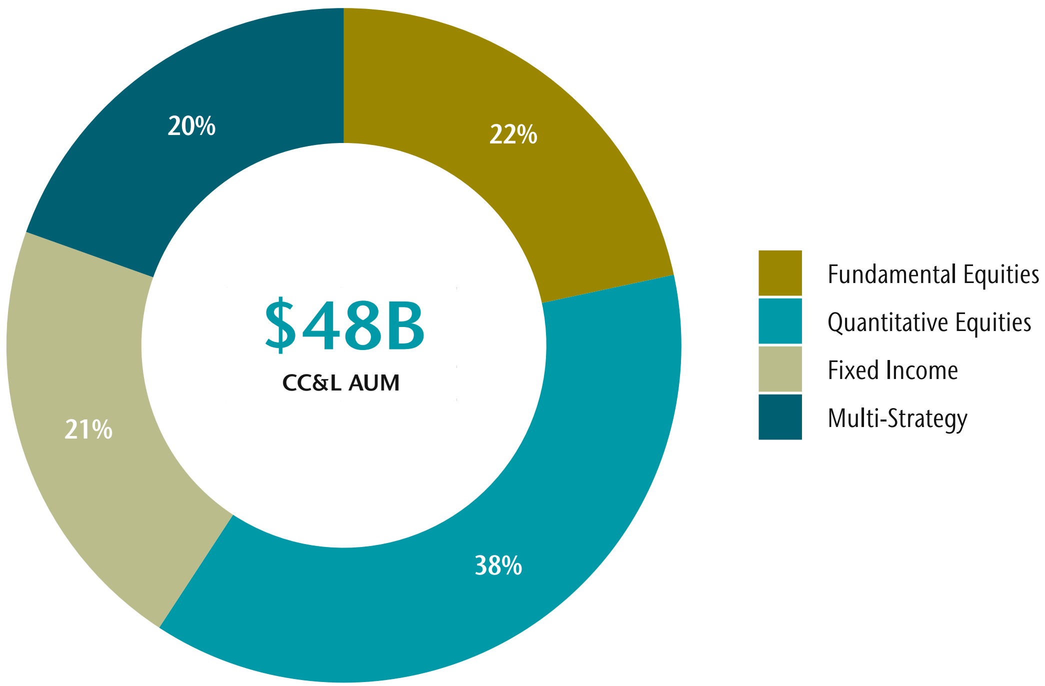
CC&L ORGANIZATIONAL UPDATE

March 31, 2019

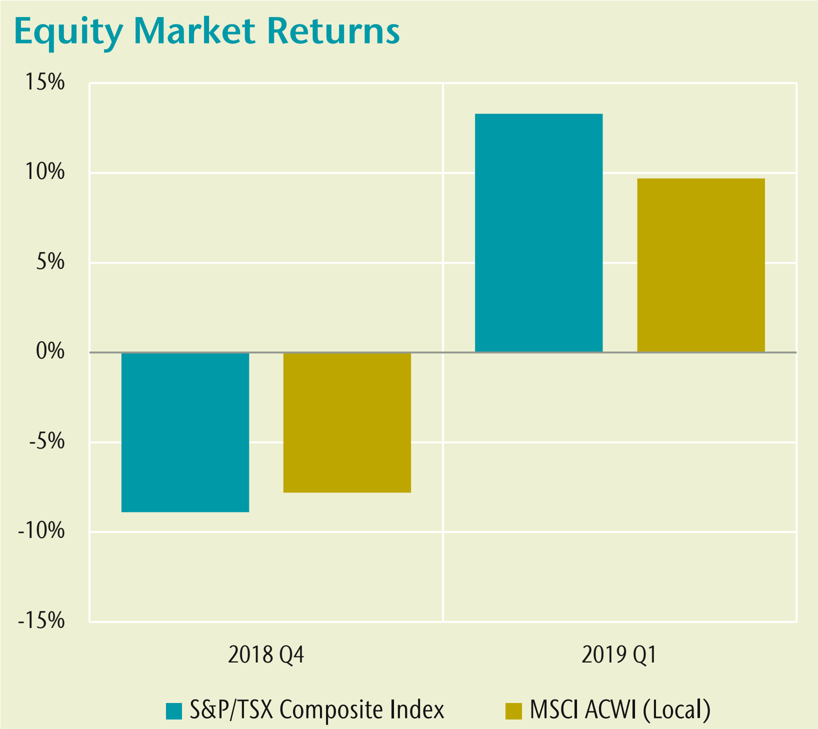
OWNERSHIP

- No changes to structure
- Partner-owned
- Succession plan

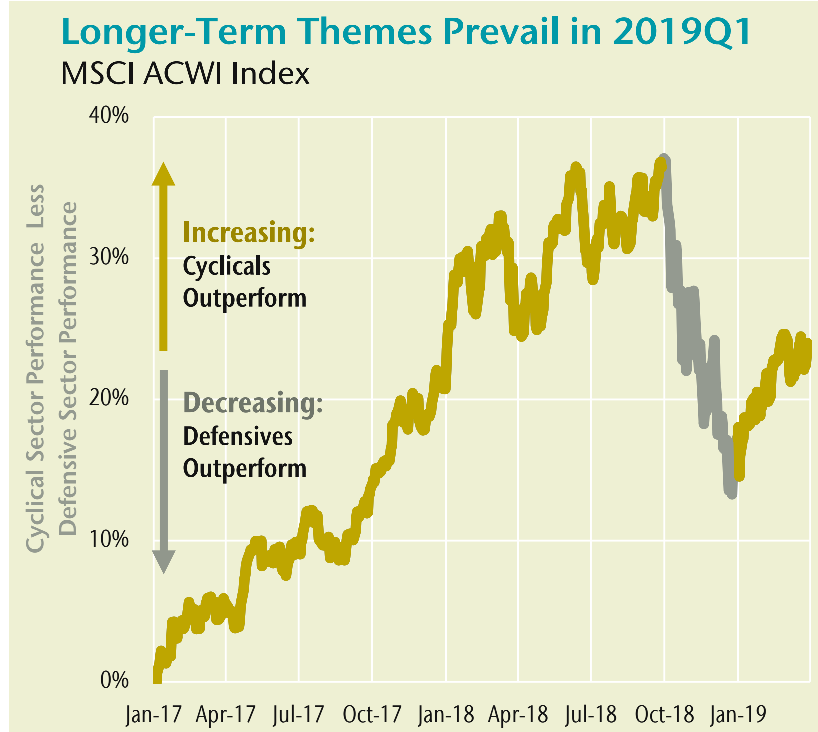
CC&L AUM Breakdown by Strategy



EQUITY MARKETS REBOUNDED IN Q1 2019



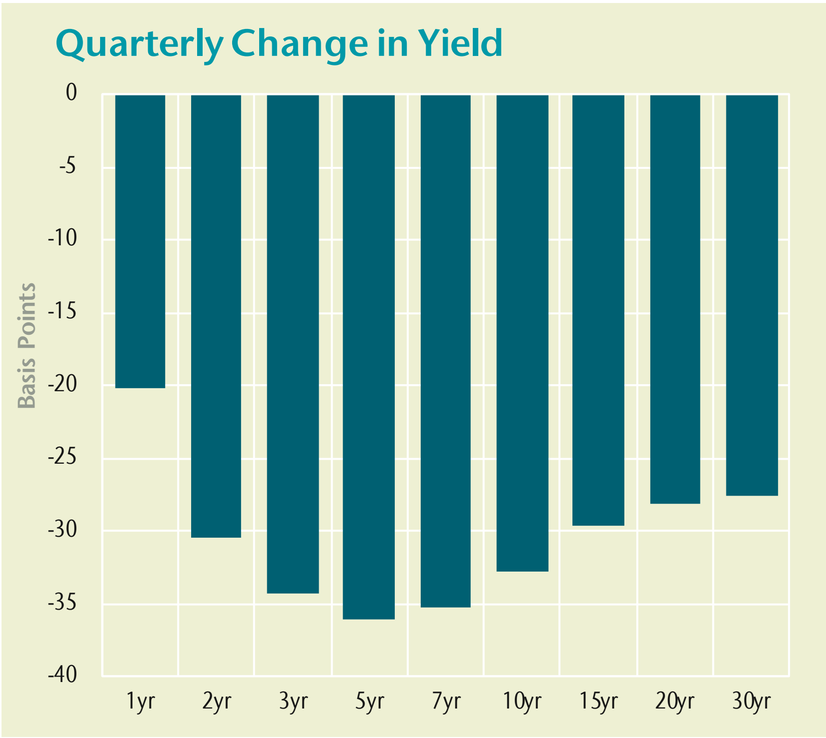
Source: Connor, Clark & Lunn Investment Management Ltd.

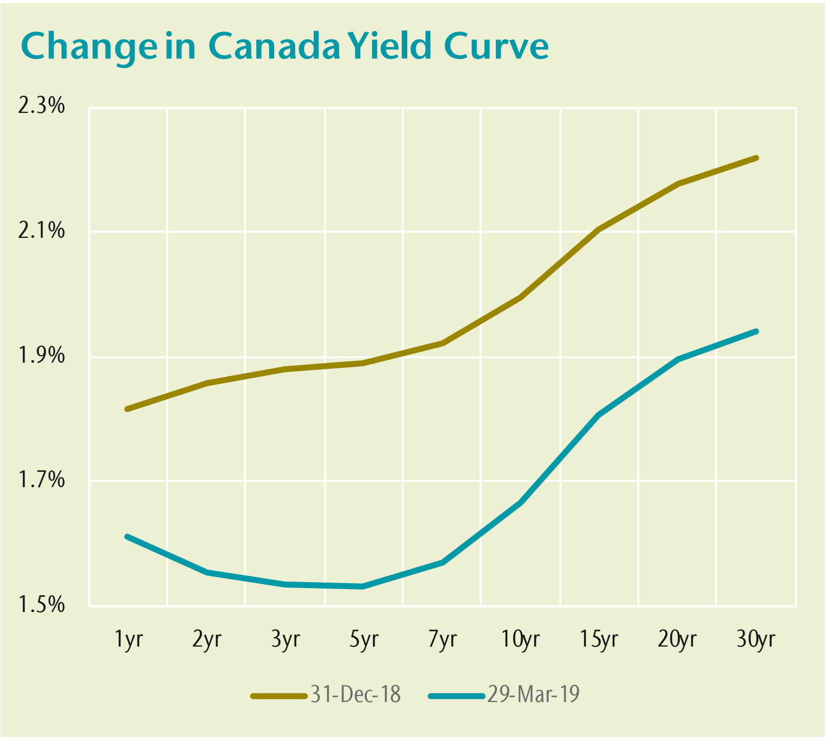


Source: Bloomberg, Connor, Clark & Lunn Investment Management Ltd.

BOND MARKET REVIEW

As at March 31, 2019





Source: FTSE Global Debt Capital Markets Inc.

INVESTMENT PERFORMANCE

	2019 (%)	Annualized Returns to March 31, 2019 (%)					
	Q1	1 yr	2 yr	3 yr	4 yr	5 yr	10 yr
Brandon University Retirement Plan	**9.5**	**7.0**	**7.3**	**8.9**	**6.2**	**7.2**	**9.8**
Benchmark*	9.2	7.0	6.8	8.8	6.0	7.0	8.9
Added Value	**0.3**	**0.0**	**0.5**	**0.1**	**0.3**	**0.1**	**0.9**
Fixed Income	**6.9**	**7.3**	**5.9**	**4.9**	**3.9**	**5.2**	**5.9**
CC&L Long Bond Fund	7.1	7.4	6.0				
FTSE Canada Long Term Overall Bond Index	6.9	7.3	6.2				
CC&L High Yield Bond Fund	5.2	6.8	4.0				
High Yield Benchmark**	5.4	6.9	4.4				

All returns are gross of fees. Added Value may differ due to rounding to one decimal.
*25% S&P/TSX Composite Index & 15% S&P500 Index (CAD$) & 15% MSCI EAFE Index (CAD$) & 5% MSCI Emerging Markets Net (CAD$) & 35% FTSE TMX Canada Long Term Overall Bond Index & 1.5% Merrill Lynch US High Yield Cash Pay BB Index (CAD$) & 1.5% Merrill Lynch US High Yield Cash Pay BB Index (USD$) & 1.5% FTSE TMX Canada Corporate BBB Bond Index & 0.5% Merrill Lynch Canada BB-B High Yield Index
Benchmark effective December 19, 2016. Previous benchmark was 35% S&P/TSX Composite Index & 12.5% S&P500 Index (CAD$) & 12.5% MSCI EAFE Index (CAD$) & 35% FTSE Canada Universe Bond Index & 5% FTSE Canada 91 Day Tbill Index. Prior to July 3, 2006, benchmark was 27.5% S&P/TSX Composite Index & 27.5% MSCI World ex-Cda Index (CAD$) & 40% DEX Universe Bond Index & 5% DEX 91-day T-bill Index.
**30% Bank of America Merrill Lynch BB US High Yield Index, 30% Bank of America Merrill Lynch BB US High Yield Index (hedged CAD), 30% FTSE Canada Corporate BBB Bond Index and 10% Bank of America Merrill Lynch BB-B Canada High Yield Index

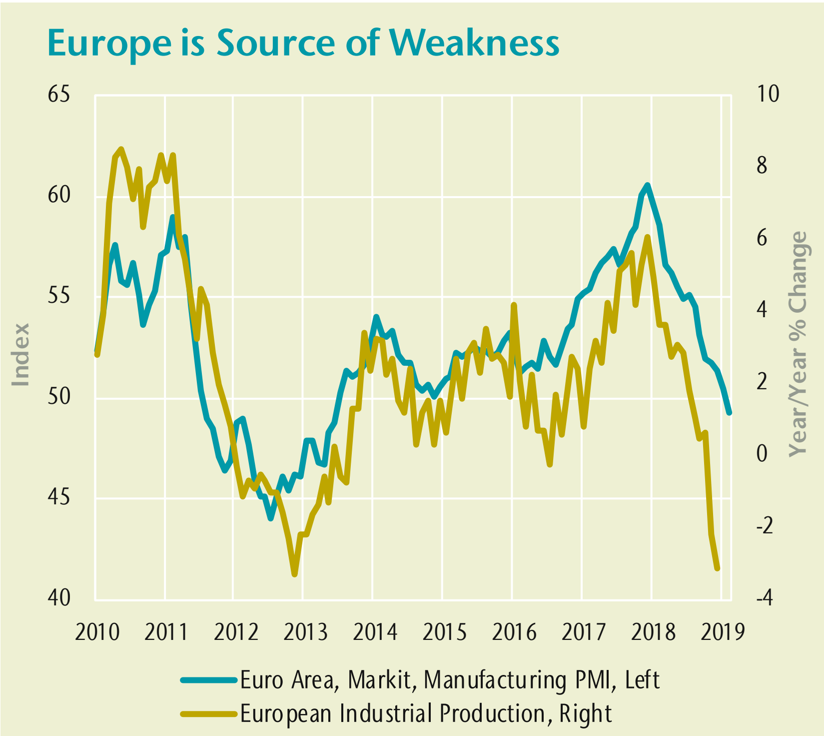
INVESTMENT PERFORMANCE CONT'D

	2019 (%)	Annualized Returns to March 31, 2019 (%)					
	Q1	1 yr	2 yr	3 yr	4 yr	5 yr	10 yr
Canadian Equities	**12.5**	**5.8**	**4.6**	**9.3**	**5.5**	**5.5**	**10.2**
CC&L Q Equity Extension Fund	13.1	5.3	4.5	10.1	6.7	8.3	13.2
SRA Canadian Equity Fund	11.5	5.0	3.9	9.8	6.7	5.3	9.8
PCJ Canadian Equity Fund	12.8	7.2	5.2	8.7	4.4	5.0	9.2
S&P/TSX Composite Index	13.3	8.1	4.9	9.3	5.1	5.4	9.5
Global Equities	**10.1**	**6.4**	**9.9**	**11.8**	**8.7**	**11.3**	**14.1**
MSCI World ex-Cda Index (CAD$)	10.1	8.4	9.6	12.6	9.2	11.8	13.9
NS Partners International Equity Fund A	8.7	1.2	8.1	8.1	4.9	6.7	10.4
MSCI EAFE (CAD$)	7.7	0.3	5.7	9.0	5.0	6.8	10.1
CC&L US Equity Extension Fund	11.5	13.4					
S&P500 Index (CAD$)	11.2	13.5	11.8	14.7	11.9	15.2	16.6
CC&L Q Emerging Markets Equity Fund	7.7	-6.0	8.3				
MSCI Emerging Markets Net (CAD$)	7.5	-4.1	7.6				

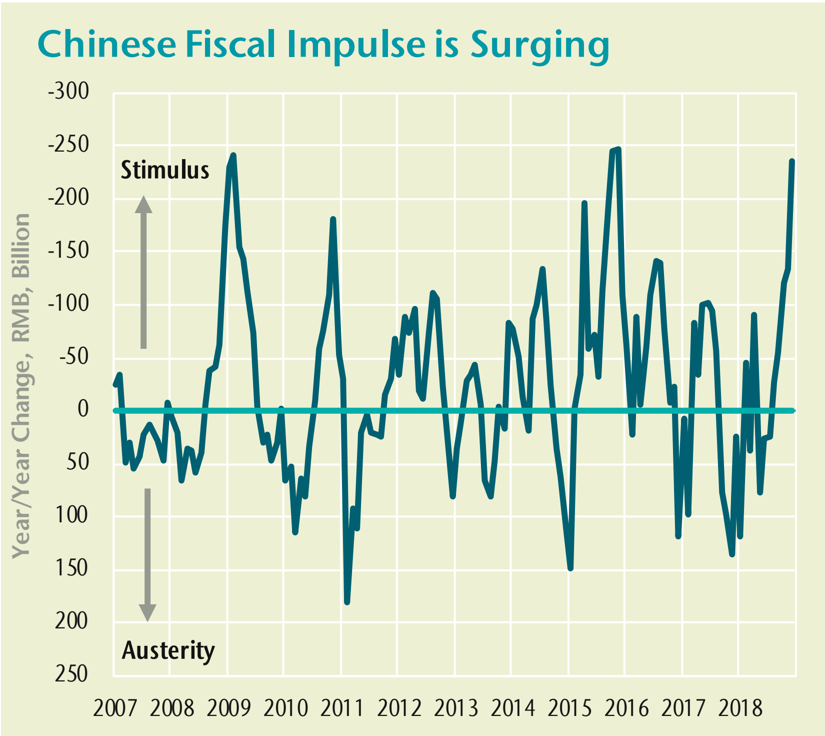
All returns are gross of fees. Added Value may differ due to rounding to one decimal.
Effective March 22, 2019, Brandon University moved to CC&L Q US Equity Extension Fund. Previous fund was CC&L Q US Equity fund A.

ECONOMIC OUTLOOK

EUROPE AND CHINA GROWTH PROSPECTS ARE KEY TO OUTLOOK



Source: IHS Markit, OECD (Organisation for Economic Co-operation & Development), Macrobond

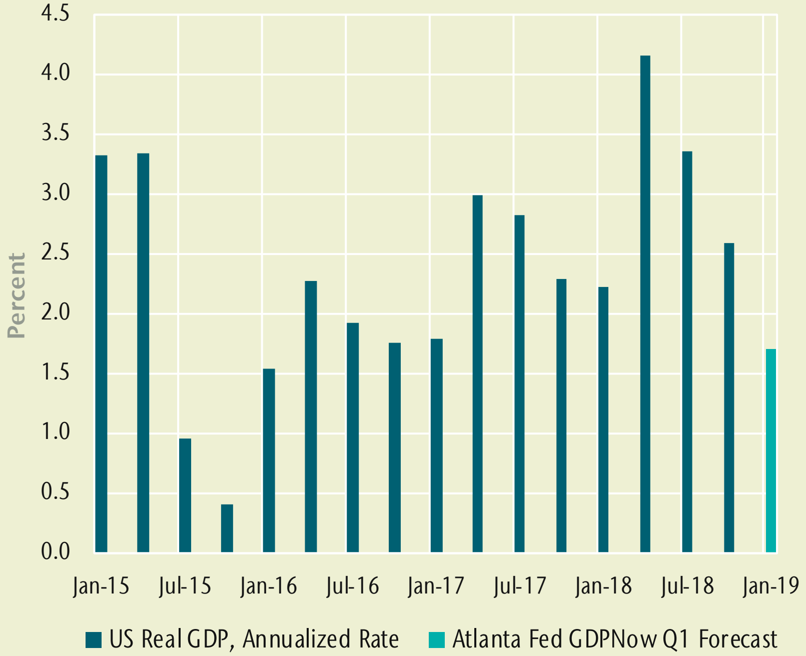


Source: China Ministry of Finance, Macrobond

Very weak start to the year, but anticipating flow through from stimulus

US JOINING GLOBAL SLOWDOWN, WHILE CANADA TURNING LOWER

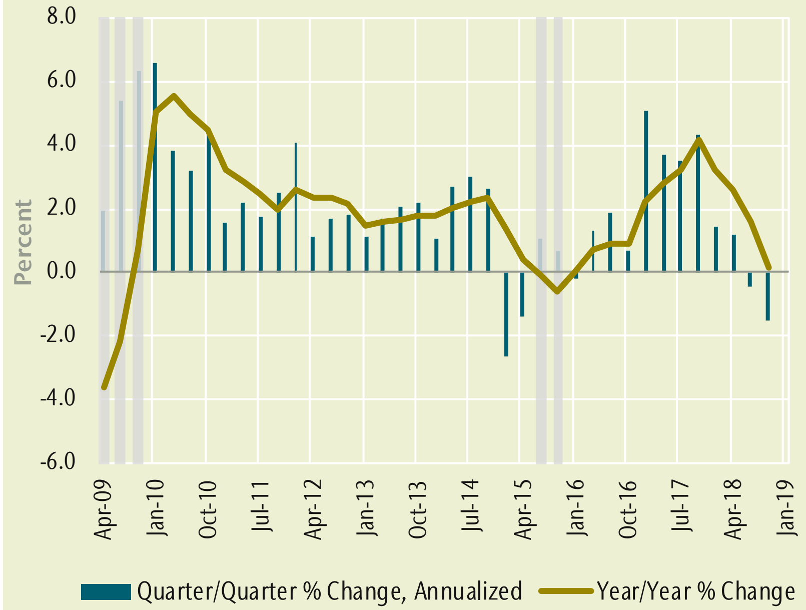
US GDP Decelerating



Source: US Bureau of Economic Analysis (BEA), Federal Reserve Bank of Atlanta
Note: Atlanta Fed GDPNow Forecast estimates annualized real GDP growth based on available data for the current quarter. As of March 29, 2019

Canadian Domestic Economy in Recession

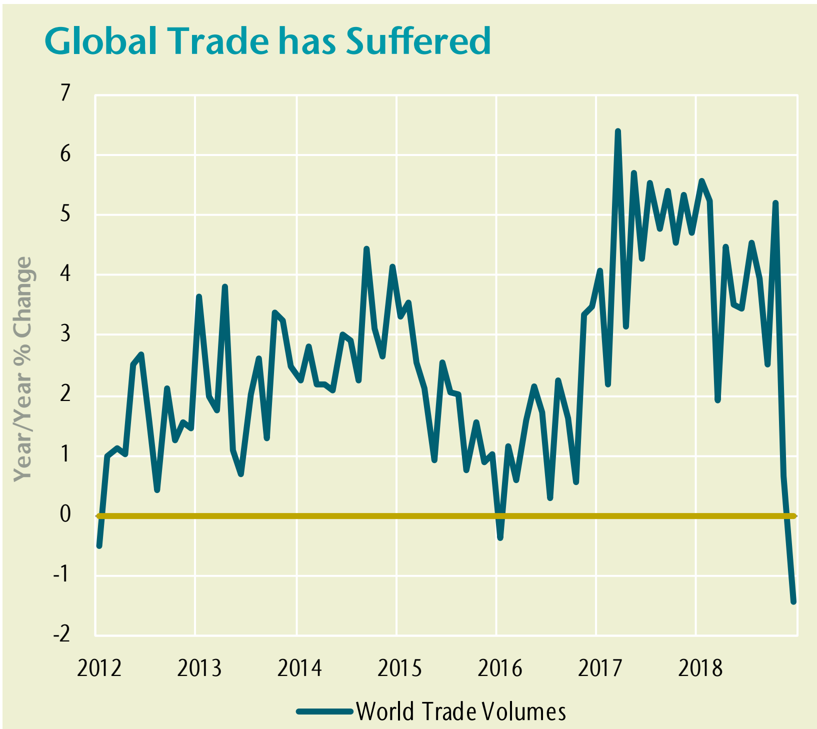
Canadian Final Domestic Demand



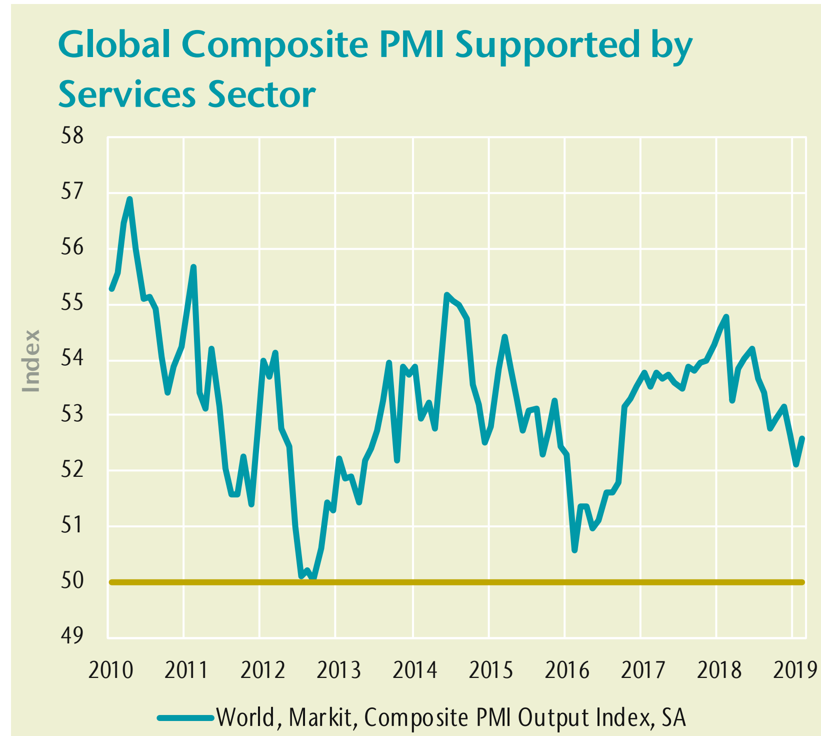
Source: Statistics Canada
Shaded area represents Canadian recessions.

Resynchronizing to the downside, while Canada has no upside

GLOBAL GROWTH SLOWDOWN REFLECTED IN TRADE



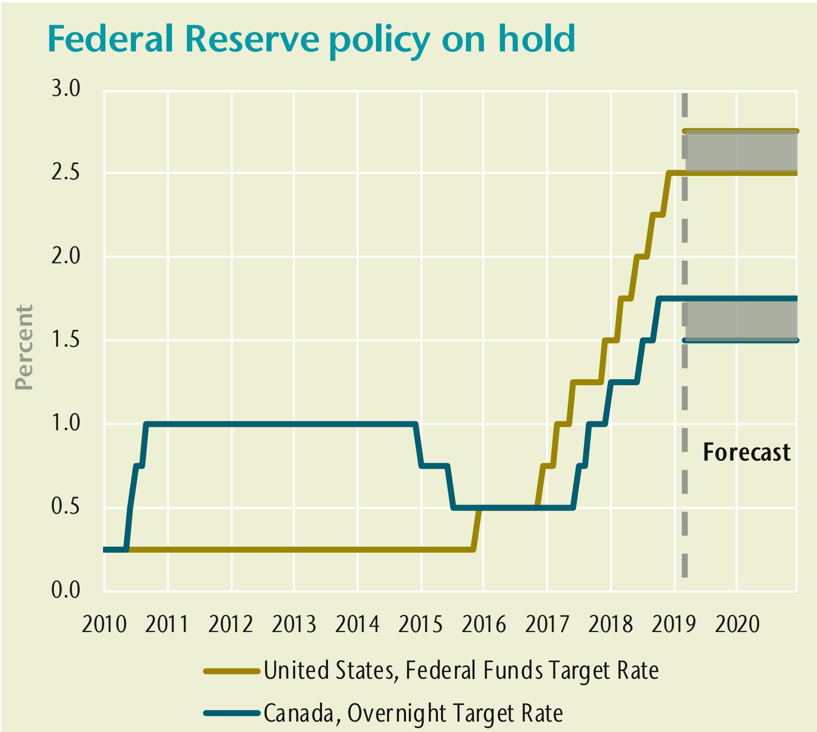
Source: Netherlands Bureau for Economic Policy Analysis (CPB)



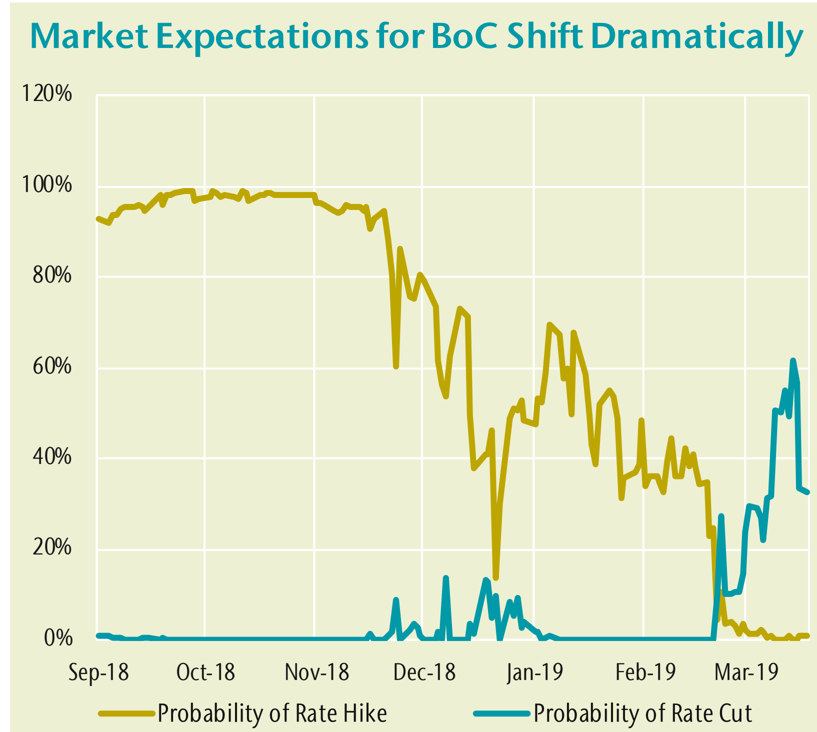
Source: IHS Markit, Macrobond

Growth supported by services sector

MONETARY POLICY HAS CLEARLY SHIFTED



Source: Federal Reserve, Bank of Canada



Source: Bloomberg

BoC constrained on further tightening; US may attempt more tightening later

MACRO SUMMARY

Summary

- Global growth deceleration has been worse than we expected
- US joining global slowdown
- Policy is responding

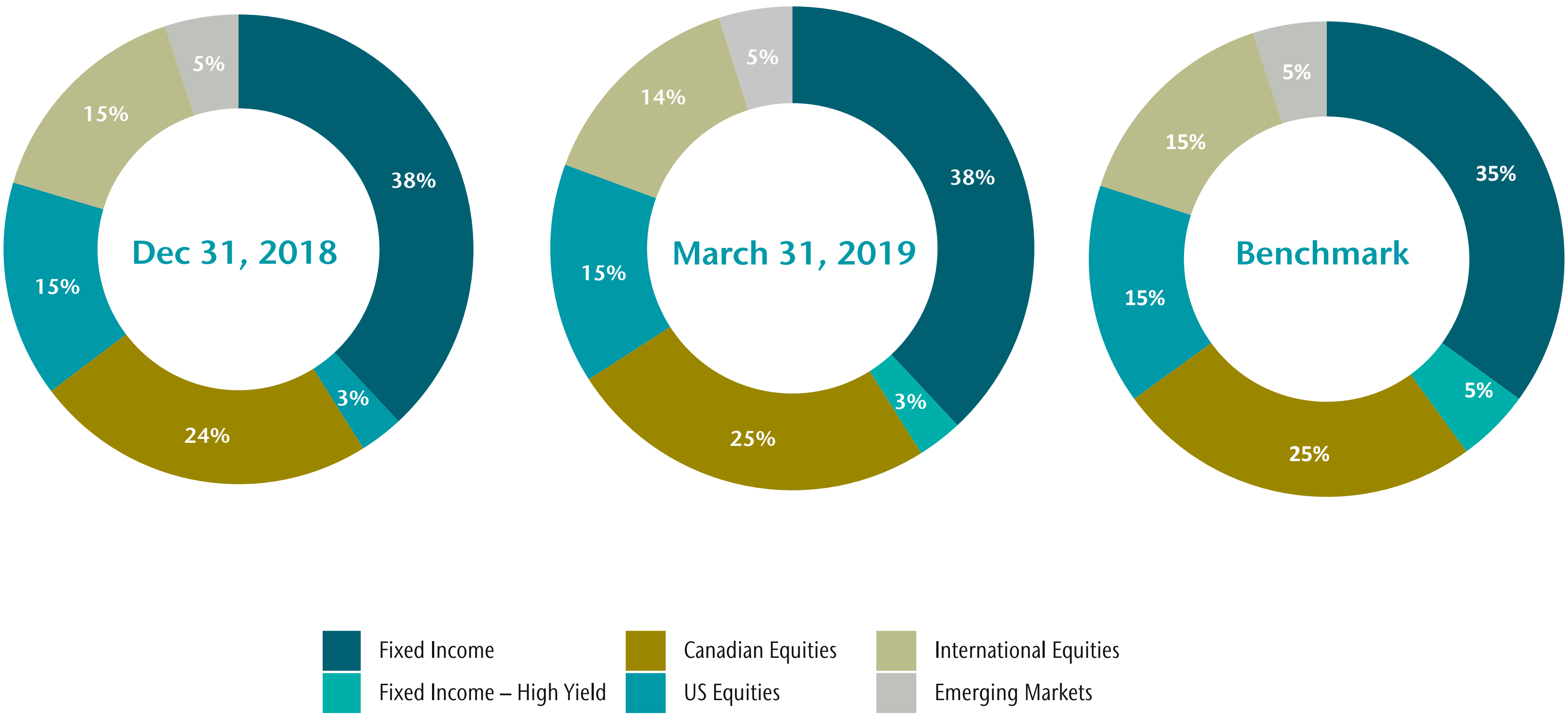
Outlook

- Risk of recession has risen
- Growth to pick up with policy easing, particularly China

Risks

- Central bank balance sheet reduction is ongoing
- High debt regions very constrained
- European structural problems are both fiscal and political
- International trade war not over yet

PORTFOLIO STRUCTURE – ASSET MIX STRATEGY



Source: Connor, Clark & Lunn Financial Group Ltd.

INVESTMENT STRATEGY

FIXED INCOME PORTFOLIO STRATEGY

Investment Themes

Interest rates

- Neutral policy stance to support lower for longer yields
- Mid-term maturities overvalued

Credit

- Maintain a strong liquidity bias in the portfolio
- Covered underweight in provincial and corporate credit
  - » But maintain watchful eye on liquidity issues
- Corporate credit looks especially vulnerable given debt levels

HIGH YIELD BOND FUND STRATEGY

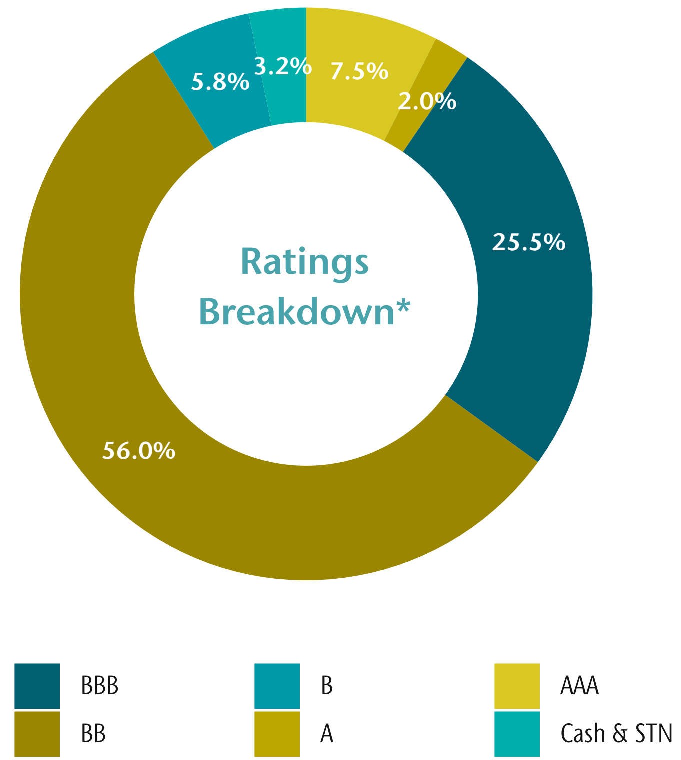
As of March 31, 2019

STRATEGY

- Maintain strong liquidity preference
- Overweight banks and utility holding companies

Effective Portfolio Yield	4.35%
Weighted Average Maturity	6.86
Weighted Average Rating	BBB Low
Exposures US/Canada/Other/Cash	19.96% / 74.76% / 2.06% / 3.22%

* As of March 31, 2019



CANADIAN EQUITY STRATEGY REVIEW

PCJ – Canadian Growth Strategy

- Cyclical tilt – overweight industrials, financials and technology (benefit from strong non-domestic opportunities)
- Underweight interest rate sensitive sectors, such as utilities and real estate
- Gold exposure as a hedge against persisting macro uncertainty

SRA – Canadian Value Strategy

- Portfolio positioned to benefit from continued Canadian growth and rising rates
- Overweight materials, airlines and banks
- Underweight health care, technology, utilities, pipelines and REITs

CC&L Q Canadian Equity Extension Strategy

- Increased materials and technology exposure, reduced health care exposure
- Overweight materials, technology and real estate
- Underweight consumer discretionary and staples

CANADIAN EQUITY SECTOR POSITIONING

March 31, 2019

	Portfolio Weight (%)	Benchmark Weight (%)	Portfolio Exposure (%)
Energy	17.5	18.1	-0.5%
Materials	12.4	11.2	1.2%
Industrials	13.0	10.9	2.0%
Consumer Discretionary	3.7	4.1	-0.4%
Consumer Staples	2.7	3.9	-1.2%
Health Care	0.8	2.2	-1.4%
Financials	35.1	31.7	3.4%
Information Technology	4.9	4.5	0.5%
Communication Services	5.5	5.8	-0.2%
Utilities	1.7	4.2	-2.5%
Real Estate	2.6	3.5	-0.9%
Cash	0.1	0.0	0.1%

Benchmark: S&P/TSX Composite Index.
Source: Connor, Clark & Lunn Financial Group Ltd.

INTERNATIONAL EQUITY STRATEGY REVIEW

NS Partners – International Equity Strategy

- Portfolio tilted toward defensive names with recurring revenues and high return on invested capital
- Overweight consumer staples and health care, underweight energy

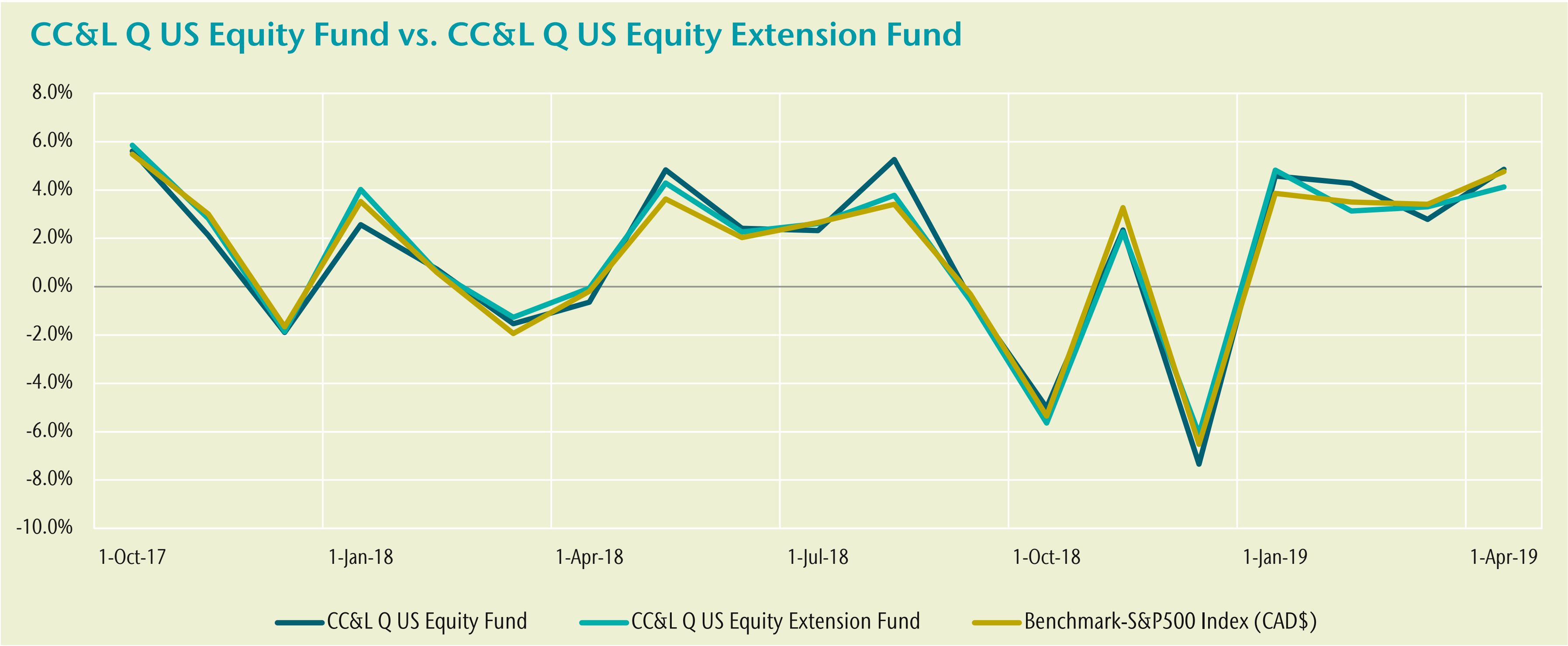
CC&L US Equity Extension Strategy

- Increased technology and industrials exposure, reduced health care and telecommunications exposure
- Overweight industrials, financials, technology
- Underweight energy, materials, health care, telecommunications and utilities

CC&L Emerging Markets Strategy

- Increased industrials, financials and technology exposure, reduced energy and materials exposure
- Overweight industrials, technology and utilities
- Underweight consumer discretionary, financials and telecommunications

APPENDIX


CC&L Q US Equity Fund vs. CC&L Q US Equity Extension Fund
8.0%
6.0%
4.0%
2.0%
0.0%
-2.0%
-4.0%
-6.0%
-8.0%
-10.0%
1-Oct-17
1-Jan-18
1-Apr-18
1-Jul-18
1-Oct-18
1-Jan-19
1-Apr-19
CC&L Q US Equity Fund
CC&L Q US Equity Extension Fund
Benchmark-S&P500 Index (CAD$)

BRANDON UNIVERSITY RETIREMENT PLAN CASH FLOWS

December 31, 2018 Market Value	**$**	**175, 525,784**
Contributions	$	1,669,700
Withdrawals	$	(2,618,273)
Investment Gains	$	16,721,562
March 31, 2019 Market Value	**$**	**191,298,773**

Total Rate of Return	9.54%

Investment Management Fees:	$	141,896

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3.1 Investment Performance Review

ECKLER

Actuarial Report on

The Brandon University Retirement Plan

Actuarial Valuation as at December 31, 2018

Eckler Ltd.
One Lombard Place,
Suite 2475
Winnipeg, Manitoba
R3B 0X3
204-988-1586

May 16, 2019

ECKLER

TABLE OF CONTENTS

ECKLER

Report on the Actuarial Valuation of the Brandon University Retirement Plan as at December 31, 2018

SUMMARY OF RESULTS

	12.31.2018	12.31.2017
Going Concern Financial Position		
Going concern assets	$182,206,000	$177,292,000
Going concern liabilities	$182,345,000	$178,402,000
Going concern surplus/(unfunded liability)	($139,000)	($1,110,000)
Going concern funded ratio	0.999	0.994
Windup Financial Position		
Market value of assets net of provision for wind-up expenses	$175,964,000	$185,134,000
Windup liability	$223,547,000	$220,644,000
Windup excess/(deficiency)	($47,583,000)	($35,510,000)
Solvency Financial Position		
Solvency assets net of provision for wind-up expenses	$181,995,000	$177,718,000
Solvency liabilities	$223,547,000	$220,644,000
Solvency excess/(deficiency)	($41,552,000)	($42,926,000)
Solvency ratio	0.814	0.802

Minimum Contributions in Year Following valuation		
Estimated employer's current service cost	$3,392,000	$3,028,000
Minimum special payments	$21,000	$156,000
Total minimum required contributions	$3,413,000	$3,184,000

Section 1. EXECUTIVE SUMMARY

We are pleased to present this report which was prepared at the request of the Pension Trustees of the Brandon University Retirement Plan ("Pension Trustees") for the following purposes:

1. To report on the financial position of the Brandon University Retirement Plan ("Plan") as at December 31, 2018 on a going concern basis;

2. To determine the actuarial cost of benefits expected to accrue under the Plan for service of the employees for the period following the valuation date and up to the date of the next actuarial valuation. The effective date of the next valuation must be no later than December 31, 2019;

3. To determine the financial position of the Plan as at December 31, 2018 on solvency and hypothetical wind-up bases;

4. To establish the minimum and maximum contributions required for the period from December 31, 2018 until the date of the next actuarial valuation for compliance with the applicable pension legislation and the terms of the Plan;

5. To provide the actuarial certifications required under the Pension Benefits Act of Manitoba and the Income Tax Act of Canada.

The intended users of this report are the Pension Trustees, Brandon University, the Office of the Superintendent - Pension Commission (Manitoba), and Canada Revenue Agency. This report is not intended or necessarily suitable for purposes other than those listed above. Any party reviewing this report for other purposes should have their own actuary or other qualified professional assist in their review to ensure that the party understands the assumptions, results and uncertainties inherent in our estimates.

A summary of the key valuation results is provided below.

1. Using the projected unit credit accrued benefit funding method the Plan has an unfunded liability equal to $139,000 at December 31, 2018. This must be funded by special payments at least equal to the amounts shown, for the applicable period, outlined in the following table.

Effective Date	Amortization Period	Annual Special Payment
December 31, 2011	Jan 2012 – Dec 2026	$21,000

2. The decrease in unfunded liability from $1,110,000 at December 31, 2017 to $139,000 at December 31, 2018 is mainly due to positive demographic plan experience during the year.

3. After including the present value of special payments due in the next five years, there is a solvency deficiency of $41,552,000. The solvency ratio is 0.814.

   This Plan is subject to the funding requirements of the Pension Benefits Act of Manitoba. As such, a solvency valuation must be prepared and normally any solvency deficiency would require funding over a five-year period. However, the University is eligible and has made an election to be exempt from certain solvency funding and other requirements in accordance with the *Solvency Exemption for Public Sector Pension Plans Regulation*. As a result of the election, the University is exempt from making special payments for solvency deficiencies. The election was filed with the Office of the Superintendent – Pension Commission (Manitoba) on January 19, 2009.

In the absence of the election under the *Solvency Exemption for Public Sector Pension Plans Regulation* special payments would be necessary to fund the solvency deficiency as follows:

Effective Date	Amortization Period	Annual Special Payment
December 31, 2018	Jan 2019 – Dec 2023	$8,994,000

These payments would be in addition to those required to fund the going concern unfunded liability.

4. If the Plan was wound-up on the valuation date the liabilities would exceed assets by $47,583,000.

5. The recommended contributions shown in this valuation satisfy the collective agreement between Brandon University ("University") and the Brandon University Faculty Association ("BUFA"), the requirements of the Pension Benefits Act of Manitoba, and the Income Tax Act. The recommended University contributions are in accordance with the following schedule.

	Amount as a percent of pensionable payroll	Estimated Dollar Amount
University contributions for current service between January 1, 2019 and the next valuation	8.58%	$3,392,000
Unfunded liability special payments	-	$21,000
Total		$3,413,000

University contributions recommended in this report are eligible contributions under the Income Tax Act.

6. Since the solvency ratio of the Plan is less than 0.90. The Pension Benefits Act of Manitoba requires that the next valuation be performed no later than December 31, 2019.

7. Based on the Plan's investment experience from 2015 to 2018, retired and deferred members are not eligible for a supplementary pension increase effective July 1, 2019. This has been reflected in the going concern valuation results at December 31, 2018.

8. This report should be filed with the Office of the Superintendent – Pension Commission (Manitoba), to meet the filing requirements of the Pension Benefits Act of Manitoba, and with Canada Revenue Agency, in order to ensure that contributions recommended in the report will qualify as eligible contributions for purposes of the Income Tax Act. The next actuarial valuation of the Plan should be performed no later than December 31, 2019.

This report has been prepared and our opinions given in accordance with accepted actuarial practice.

Respectfully submitted,
ECKLER LTD.

DRAFT

Andrew Kulyk
Fellow of the Canadian Institute of Actuaries

DRAFT

Shannon Tesluck
Fellow of the Canadian Institute of Actuaries

Section 2. INTRODUCTION

The Brandon University Retirement Plan (hereinafter referred to as the "Plan") was amended and restated January 1, 1992. There have been no amendments to Plan since the date of the previous valuation that would have a material effect on the results of our valuation.

Based on the Plan's investment experience from 2015 to 2018, retired and deferred members are not eligible for a supplementary pension increase in 2019 effective July 1. This has been reflected in our going concern valuation.

SUBSEQUENT EVENTS

We are not aware of any other events that occurred between the valuation date and the date this report was completed that have a material impact on the results of this valuation.

VALUATIONS INCLUDED IN THIS REPORT

In this report, we describe the results of three different valuations of the Plan:

- A "going concern valuation" which is used to estimate the funded position of the Plan, assuming the Plan is continued indefinitely, and to estimate the contributions currently required to be made to the Plan's fund, both to fund the cost of any benefits being earned by members for current service and, in the event there is a funding deficiency, to liquidate the amount of the funding deficiency.

- A "wind-up valuation", which is intended to reflect the status of the Plan as if it had been wound up on the valuation date and the Plan members had been provided with the benefits specified by the Plan and the Pension Benefits Act of Manitoba. The purpose of this valuation is to show the degree of benefit security provided for all of the Plan members' accrued benefit by the current assets of the pension fund. The wind-up valuation is not used to determine the required contributions to the Plan. It is, however, used to determine the maximum contributions permitted by the Canada Revenue Agency.

- A "solvency valuation", which is required by the Regulations under the Pension Benefits Act of Manitoba. This valuation is similar to a wind-up valuation, except that certain adjustments may be made to the assets. The solvency valuation is required to be performed but does not affect the required contributions to the Plan as the University has made an election under the *Solvency Exemption for Public Sector Pension Plans Regulation*.

The difference between the wind-up and solvency valuations for this Plan relates to the value of assets that are included in the valuation. For the wind-up valuation, the only assets taken into account are the invested assets of the Plan, which are taken at their market values net of provision for wind-up expenses plus in-transit accrued amounts. For the solvency valuation, Plan assets also take into account the present value of special payments that are scheduled to be made for the next five years from the valuation date and an adjustment to smooth the market value over a period which cannot exceed five years. For purposes of the solvency valuation the assets have been smoothed over four years.

FILING REQUIREMENTS

The last filed actuarial report was effective December 31, 2017. This report outlines the movements of the Plan's financial position since the previous valuation and is to be filed with the Office of the Superintendent – Pension Commission (Manitoba) and Canada Revenue Agency. It is to be used by the University to determine its funding requirements for the period following the valuation.

Section 3. DATA

The valuation was based on data as of the valuation date, December 31, 2018, supplied to us by Brandon University. This data is summarized in Appendix C.

We subjected the data to a number of tests of reasonableness and consistency, including the following:

- a member's (and partner's as applicable) age is within a reasonable range;
- all dates remained unchanged from the data used in the previous actuarial valuation of the Plan;
- accrued pensions changed by a reasonable amount;
- the form of pension payment did not change (other than resulting from the death of a retired member); and
- we examined the additions to, and deletions from, each of the data files (i.e., the files for active employees, pensioners and terminated members entitled to a deferred vested pension) since the previous valuation to determine whether all Plan members were accounted for in this valuation, to check for duplicate records and to confirm pension amounts.

Data was corrected as appropriate. The results of our tests were satisfactory.

Assets of the Plan are held in trust with CIBC Mellon. The funds are invested in a number of pooled funds operated by Connor, Clark & Lunn Investment Management Limited. We have relied on the financial statements for the fund prepared by Brandon University for the December 31, 2018 year-end.

Section 4. GOING CONCERN VALUATION

VALUATION BALANCE SHEET

The following is the going concern valuation balance sheet as at December 31, 2018 based on:

- the Plan provisions (summarized in Appendix A);
- the going concern valuation assumptions (described in Appendix B);
- the membership data (summarized in Appendix C);
- the actuarial value of assets (summarized in Appendix D), and

Going Concern Valuation	12.31.2018	12.31.2017
Going Concern Assets		
Actuarial value of Plan assets	$182,206,000	$177,292,000
Going Concern Liabilities		
Retired members and survivors	$101,767,000	$101,835,000
Terminated vested members	$4,229,000	$5,075,000
Active members – Div 1 - Academic and non-union members	$61,092,000	$56,018,000
Active members – Div 2 – Non-Academic union members	$14,862,000	$14,527,000
Other benefits outstanding	$252,000	$779,000
Additional voluntary contributions	$143,000	$168,000
Total going concern liabilities	$182,345,000	$178,402,000
Surplus / (unfunded liability)	($139,000)	($1,110,000)
Funded Ratio	0.999	0.994

The liability as at December 31, 2018 for Other Benefits Outstanding includes:

- $216,000 for sessional employees with no pensionable earnings in 2018,
- Small benefit payouts to terminated members that are pending settlements.

The present value at December 31, 2018 of previously established special payments is $1,011,000, which exceeds the going concern unfunded liability at December 31, 2018 of $139,000. Due to the going concern actuarial gain and in accordance with Pension Benefits Act of Manitoba and Regulations, special payments may be reduced, beginning with the earliest established special payment. As such, the annual going-concern special payment established effective December 31, 2011 may be reduced from $156,000 to $21,000.

Required special payments, for the applicable periods, are outlined in the following table.

Effective Date	Amortization Period	Annual Special Payment
December 31, 2011	Jan 2012 – Dec 2026	$21,000

EXPERIENCE GAIN AND LOSS

The Plan has a going concern unfunded liability of $139,000 at December 31, 2018. Our previous valuation of the Plan showed the Plan had an unfunded liability of $1,110,000. The approximate derivation of the going concern unfunded liability at December 31, 2018 is as follows:

Going concern surplus (unfunded liability) at Dec. 31, 2017		($1,110,000)
Special payments to eliminate the unfunded liability		$156,000
Interest on surplus (unfunded liability), special payments and transfers in for 2018 at 5.55%		($57,000)
Expected surplus (unfunded liability) at Dec. 31, 2018		($1,011,000)
Plus actuarial gains(losses) due to experience differing from the actuarial assumptions in 2018:		
▪ Gain/(loss) on terminations other than assumed	$94,000	
▪ Gain/(loss) on active and deferred member retirements other than assumed	$1,004,000	
▪ Gain/(loss) on mortality other than assumed	($143,000)	
▪ Gain/(loss) on salaries and the YMPE increasing at different rates than assumed	$57,000	
▪ Gain/(loss) attributable to net investment experience	($749,000)	
▪ Gain/(loss) attributable to pension increases other than assumed	$943,000	
▪ Gain/(loss) attributable to service accrued different than expected*	($364,000)	
Net actuarial experience gain/(loss)		$842,000
Gain/ (loss) due to data corrections		34,000
Other experience resulted in a net gain/(loss) of approximately		($4,000)
Going concern surplus (unfunded liability) at Dec. 31, 2018		**($139,000)**

** Includes increase in the going concern liability for one member that was retroactively enrolled in 2018 back to an earlier date, and three additional members that may be retroactively enrolled in 2019 back to an earlier date.*

The following summarizes the largest sources of gains and losses to the Plan since the previous valuation:

- There were less retirements than assumed, resulting in a gain of $872,000.
- The actual net investment return earned by the Plan in 2018, based on smoothed asset values, was 5.10% compared to an expected return of 5.55% per year resulting in a loss of $749,000.
- The July 1, 2019 pension increase (0.00%) is lower than assumed (0.75%).

INTEREST RATE SENSITIVITY OF THE GOING CONCERN LIABILITY

The effect of decreasing the interest rate used to determine the going concern liability by 1% from 5.55% to 4.55% is an increase in the total going concern liability of $22,063,000.

CURRENT SERVICE COST

Employees are required to contribute 8.0% of pensionable earnings less 1.8% of pensionable earnings for which Canada Pension Plan (CPP) contributions are required. Pensionable earnings for this purpose are subject to an annual limit related to the maximum benefit accrual in a year. For 2019, the Yearly Maximum Contributory Earnings (YMCE) is $115,970.

Based on the assumptions and membership data described herein, we estimate that the University's current service cost from December 31, 2018, until the effective date of the next valuation, is 7.95% of pensionable earnings. Unlike member contributions, pensionable earnings for this purpose are not limited to the YMCE. The current service cost determined as at December 31, 2017 was also 7.95% of pensionable earnings.

In accordance with the Plan provisions, the University shall pay additional contributions equal to the normal actuarial cost of the benefit improvements effective November 10, 2008 and April 1, 2009.

The table below summarizes the development of the University's estimated required current service contribution and additional contribution for 2019. The actual dollar amount of the current service contribution and additional contribution for 2019 may be higher or lower than the amount indicated below if the actual pensionable earnings are different than estimated.

2019	Dollar	% of Earnings
Estimated 2019 pensionable earnings	$39,530,000	
Current service cost		
Total current service cost	$5,712,000	14.45%
Estimated employee contributions	($2,569,000)	(6.50%)
Employer current service cost (A)	$3,143,000	7.95%
Total special payments (B)	$21,000	0.05%
Total minimum contribution required by the Act and Regulations	**3,164,000**	**8.00%**
Plan Provision Contribution		
Employer formula contribution	$2,758,000	6.98%
Additional current service cost	$655,000	1.65%
Total minimum contribution required by the Plan provisions (C)	**$3,413,000**	**8.63%**
Employer current service cost (A)	$3,143,000	7.95%
Total special payments (B)	$21,000	0.05%
Employer additional contribution (C - A - B)	$249,000	0.63%
Total Employer required contribution	**3,413,000**	**8.63%**

INTEREST RATE SENSITIVITY OF THE CURRENT SERVICE COST

The effect of decreasing the interest rate used to determine the regular current service cost by 1% from 5.55% to 4.55% is an increase in the total current service cost of $494,000, or an increase in the 2019 employer current service cost as a percent of pensionable earnings from 7.95% to 9.20%.

Section 5. WIND-UP VALUATION

The purpose of the wind-up valuation is to determine the financial position of the Plan if it were wound up on the valuation date. The circumstances in which the plan wind-up occurs is that both Brandon University and the Plan wind-up, giving rise to termination benefits to members not eligible for retirement on the wind-up date and retirement benefits to all other members. There are no benefits on plan wind-up that were excluded from our valuation. The liability for all active members with 15 years or more of service on the valuation date includes the value of the early retirement subsidy as provided by the Plan.

Accordingly, the following approach was used:

1. The Plan assets were valued at market value.

2. The benefits valued are those which members would be entitled to under applicable legislation if the Plan were wound up on the valuation date. All Plan members become fully vested on Plan wind-up, regardless of age or service.

3. The actuarial assumptions are developed in accordance with the Canadian Institute of Actuaries' (CIA's) Standard of Practice for determining Pension Commuted Values and the CIA Educational Note – *Assumptions for Hypothetical Wind-up and Solvency Valuations with Effective Dates Between December 31, 2018 and December 30, 2019* dated March 2019. These assumptions are described in detail in Appendix B.

4. In accordance with the CIA Educational Note, the spread above the unadjusted CANSIM series V39062 was determined to be 108 basis points based on a duration of 10.5 for the portion of the liability assumed to be settled through the purchase of annuities. Accordingly, the discount rate assumed for the purchase of non-indexed annuities is 3.20%.

Based on the Plan provisions in effect on December 31, 2018, the wind-up valuation assumptions and the membership data supplied by the University, the following is the wind-up position of the Plan as at December 31, 2018:

Wind-up Valuation	12.31.2018	12.31.2017
Wind-up Assets		
Market value of Plan assets	$176,274,000	$185,434,000
Allowance for wind-up expenses	($310,000)	($300,000)
Total wind-up assets	$175,964,000	$185,134,000
Wind-up Liabilities		
Retired members and survivors	$117,188,000	$117,590,000
Terminated vested members	$5,296,000	$6,436,000
Active members – Div 1 - Academic and non-union members	$81,413,000	$76,188,000
Active members – Div 2 – Non-Academic union members	$19,255,000	$19,483,000
Other benefits outstanding	$252,000	$779,000
Additional voluntary contributions	$143,000	$168,000
Total wind-up liabilities	$223,547,000	$220,644,000
Wind-up excess/ (shortfall)	($47,583,000)	($35,510,000)

As shown above, if the Plan had been wound-up as at December 31, 2018, the wind-up liabilities would have exceeded the wind-up assets by $47,583,000.

Section 6. SOLVENCY VALUATION

The table below shows the solvency position of the Plan as at December 31, 2018. The circumstances in which the plan wind-up occurs is that both Brandon University and the Plan wind-up giving rise to termination benefits to members not eligible for retirement on the wind-up date and retirement benefits to all other members. There are no benefits on Plan wind-up that were excluded from our valuation. The liability for all active members with 15 years or more of service on the valuation date includes the value of the early retirement subsidy as provided by the Plan.

The calculations are based on the Plan provisions in effect on the valuation date, the solvency valuation assumptions described in Appendix B, and the membership data supplied by the University.

Solvency Valuation	12.31.2018	12.31.2017
Solvency Assets		
Actuarial value of Plan assets (A)	$182,206,000	$177,292,000
Present value of the first five years of special payments to eliminate the going concern unfunded actuarial liability	$99,000	$726,000
Allowance for wind-up expenses (B)	($310,000)	($300,000)
Total solvency assets	$181,995,000	$177,718,000
Solvency Liabilities		
Retired members and survivors	$117,188,000	$117,590,000
Terminated vested members	$5,296,000	$6,436,000
Active members – Div 1 - Academic and non-union members	$81,413,000	$76,188,000
Active members – Div 2 – Non-Academic union members	$19,255,000	$19,483,000
Other benefits outstanding	$252,000	$779,000
Additional voluntary contributions	$143,000	$168,000
Total solvency liabilities (C)	$223,547,000	$220,644,000
Solvency excess/ (shortfall)	($41,552,000)	($42,926,000)
Solvency ratio [(A + B) ÷ C]	0.814	0.802

INTEREST RATE SENSITIVITY OF THE SOLVENCY LIABILITY

The effect of decreasing the interest rates used to determine the solvency liability by 1%, i.e. reducing the annuity purchase rate from 3.20% p.a. to 2.20% and a corresponding decrease in the commuted value rates, is an increase in the liability of approximately $29,567,000.

SOLVENCY INCREMENTAL COST

The incremental cost represents the present value on the valuation date of the expected aggregate change in the solvency liability between valuations, adjusted upward for expected benefit payments between the valuation dates.

The total estimated incremental cost between the valuation date, December 31, 2018 and the date of the next valuation, December 31, 2019, is $8,666,000.

SPECIAL PAYMENTS

This plan is subject to the funding requirements of the Pension Benefits Act of Manitoba. As such, it is required that a solvency valuation is prepared and any solvency deficiency is required to be funded over a five-year period. However, the University is eligible and has made an election to be exempt from certain solvency funding and other requirements in accordance with the *Solvency Exemption for Public Sector Pension Plans Regulation* (“Solvency Exemption”). As a result of the election, the University is exempt from making special payments for solvency deficiencies. The election was filed with the Office of the Superintendent – Pension Commission (Manitoba) on January 19, 2009.

The Plan has a solvency deficiency (i.e., an excess of solvency liabilities over solvency assets including the present value of five years previously established special payments) of $41,552,000. In the absence of the Solvency Exemption the requirement would be to liquidate the solvency deficiency by equal monthly payments over the period beginning on the valuation date and ending on December 31, 2023. Accordingly, the minimum solvency special payment would be $8,994,000 per year, payable monthly from 2019 to 2023 inclusive.

The following schedule summarizes the special payments that would normally be required to liquidate both the unfunded liability and solvency deficiency as at December 31, 2018. The payments to liquidate the unfunded liability must be made regardless of the solvency exemption. Payments to liquidate the solvency deficiency are not required.

			Present Value of Payments on December 31, 2018 for purposes of*	
Effective Date	**Annual Special Payment (payable monthly)**	**End of Liquidation Period**	**Solvency Valuation (Next 5 Years)**	**Going Concern Valuation**
Unfunded Liability				
12.31.2011	$21,000	12.31.2026	$99,000	$139,000
Solvency Deficiency				
12.31.2018	$8,994,000	12.31.2023	$41,552,000	-
Total	$9,093,000		$41,651,000	$139,000

**The present value of payments for the Solvency Valuation reflects only the next five years of payments, discounted at the weighted average solvency interest rate of 3.20% per year. The present value of payments for the Going Concern Valuation reflects all years of payments, discounted at the going concern interest rate of 5.55% per year.*

Section 7. ELIGIBLE CONTRIBUTIONS

MINIMUM CONTRIBUTIONS

Members and the University are each required to contribute at the rate of 8.0% of salary up to the Year's Basic Earnings (YBE) under the Canada Pension Plan, 6.2% between the YBE and the Year's Maximum Pensionable Earnings (YMPE) and 8.0% in excess of the YMPE. Members contribute only on the amount earned up to the Year's Maximum Contributory Earnings (YMCE).

Notwithstanding, the University may be required to make additional contributions in excess of the contributions described above in order to satisfy the negotiated funding of certain benefit improvements or requirements of the Pension Benefits Act of Manitoba and Regulations.

Accordingly, the University is required to make current service cost contributions equal to 7.95% and additional contributions of 0.63% of pensionable earnings for the period from January 1, 2019 to the effective date of the next valuation, as well as special payments for the unfunded liability as at December 31, 2018.

The minimum University contributions required under the Pension Benefits Act of Manitoba and in accordance with the *Solvency Exemption for Public Sector Pension Plans Regulation* are as follows:

	Total
Total current service cost	$5,712,000
Estimated employee contributions	$2,569,000
Employer current service cost	$3,143,000
Estimated 2019 pensionable earnings	$39,530,000
Employer current service cost as a percentage of earnings	7.95%
Total special payments	$21,000
Total minimum University contribution	**$3,164,000**

The minimum University contributions required under the Plan are as follows:

	Total
Employer current service cost	$3,143,000
Employer additional contribution	$249,000
Total employer contribution for current service	$3,392,000
Estimated 2019 Pensionable Earnings	$39,530,000
Employer current service cost as a percentage of Earnings	8.58%
Total special payments	$21,000
Total estimated employer contribution	**$3,413,000**

The minimum University contribution required to be made in accordance with the provisions of the Plan provisions exceeds the minimum University contribution required by the Pension Benefits Act.

MAXIMUM CONTRIBUTIONS

The University may choose to fund at a higher level than the minimum required by the Pension Benefits Act shown above. In accordance with the Income Tax Act, the maximum permitted contribution the University could make is equal to the sum of:

1. A lump sum equal to $47,583,000 – the greater of the unfunded actuarial liability of $139,000 and the windup deficiency of $47,583,000 as of December 31, 2018; plus

2. The current service contributions of 7.95% of pensionable earnings for the period ending December 31, 2019, until the effective date of the next valuation.

In accordance with the Pension Benefits Act of Manitoba, all contributions due to the Plan must be remitted monthly. Employee and Employer contributions are due within 30 days following the end of the month to which they apply.

Section 8. ACTUARIAL OPINION

With respect to the Brandon University Retirement Plan forming part of the actuarial report on a valuation of the Plan at December 31, 2018:

The recommendations for funding are in accordance with an agreement regarding the University's funding obligations by the signatories to the collective agreement between the University and BUFA that provides for the funding of certain benefit improvements.

We hereby certify that,

a. The purpose of this report is to provide actuarial estimates of the funding payments required to be made by Brandon University for the period from December 31, 2018 to the date of the next valuation. The effective date of the next valuation must be no later than December 31, 2019 in order to comply with applicable legislation.

b. Based on the projected unit credit accrued benefit funding method the Plan has an unfunded liability of $139,000.

c. In order to satisfy the funding requirements of the Pension Benefits Act, the University must amortize the unfunded liability according to the following schedule:

	Effective Date	End of Amortization Period	Annual Special Payment (payable monthly)
Unfunded Liability	12.31.2011	12.31.2026	$21,000

d. Based on the projected unit credit accrued benefit funding method, to satisfy the funding requirements of the Pension Benefits Act the University is required to contribute 7.95% of pensionable earnings for the period from January 1, 2019 to the date of the next valuation. The estimated cost of benefits for 2019 is $5,712,000 of which $2,569,000 will be paid by the members and $3,413,000 will be paid by the University.

e. The University is required to contribute an additional 0.63% of pensionable earnings for current service in order to satisfy the provisions of the Plan.

f. The minimum University contribution required by the Plan exceeds the University contribution otherwise required by the provisions of the Pension Benefits Act of Manitoba.

g. In our opinion, the value of the Plan assets would be less than the actuarial liabilities if the Plan were to be wound up as at December 31, 2018. The estimated shortfall would be approximately $47,583,000.

h. After taking into account the present value of the next five years of special payments to amortize the unfunded liability, the Plan has a solvency shortfall at December 31, 2018 of $41,552,000 and the solvency ratio is 0.814. Excluding the present value of five years special payments ($99,000), the shortfall is $41,651,000.

Notwithstanding the foregoing opinion, emerging experience differing from the assumptions will result in gains or losses which will be revealed in future valuations.

In our opinion,

a. the membership data on which the valuation is based are sufficient and reliable, for the purposes of the valuation,

b. the assumptions used are appropriate for the purposes of the valuation, and

c. the methods employed in the valuation are appropriate for the purposes of the valuation.

This report has been prepared and this opinion given in accordance with accepted actuarial practice in Canada.

DRAFT

Andrew Kulyk
Fellow of the Canadian Institute of Actuaries

May 16, 2019
Date

DRAFT

Shannon Tesluck
Fellow of the Canadian Institute of Actuaries

May 16, 2019
Date

Appendix A. SUMMARY OF PLAN PROVISIONS

There have been no amendments to Plan since the date of the previous valuation that would have a material effect on the results of our valuation.

ELIGIBILITY
New staff must join the Plan when employed.

MEMBER CONTRIBUTIONS
Members are required to contribute at the rate of 8.0% of salary up to the YBE, 6.2% between the YBE and the YMPE, and 8% in excess of the YMPE. Members contribute only on the amount earned up to the YMCE.

The YMCE is the sum of $86,111 prior to April 1, 2009 or $98,750 thereafter, and 30% of the YMPE for the year.

UNIVERSITY CONTRIBUTIONS
Basic Contributions
The University is required to contribute at the rate of 8.0% up to the YBE, 6.2% between the YBE and the YMPE and 8.0% in excess of the YMPE with no salary limitation applied, plus any special payments required under the Pension Benefits Act of Manitoba.

Additional Contributions
As a result of amendments to improve benefits effective November 10, 2008 and April 1, 2009 and the collective bargaining agreement between the University and BUFA, the provision for University contributions was amended for additional contributions. The University shall pay additional contributions equal to the normal actuarial cost of the benefit improvements made effective on the above dates but excluding the effect of the increase in the member contribution rate effective April 1, 2009.

Further, additional University contributions of 1.15% of salary effective November 10, 2008, increasing to 2.25% of salary effective April 1, 2009, are required for members who joined the Plan prior to January 1, 2008 with an Initial Amount, as defined in amendment 10/01, having a present value as at December 31, 2007 of $5,107,000. Additional contributions under this provision shall cease when the outstanding balance on the Initial Amount is reduced to zero by any University contributions that are in excess of the University's portion of the normal actuarial cost of current service. The requirement under this provision had been fully satisfied previous to the date of this valuation.

Contributions Required to Satisfy Requirements of the Pension Benefits Act
The University is required to contribute the amounts required to satisfy the Pension Benefits Act of Manitoba and Regulations ("Act and Regulations"). If the University contributions required to satisfy the Act and Regulations exceed those amounts above (Basic and Additional), the University is required to make additional contributions to satisfy those requirements.

NORMAL RETIREMENT
The normal retirement date of all members is the first of the month following their 65th birthday.

EARLY RETIREMENT
A member may retire on the first day of any month within the ten-year period prior to his normal retirement date. If the member is age 60 or over and his age plus years of service equals 85 or more, there is no reduction on early pension commencement, otherwise the reduction is 1/3% for each month by which his early retirement date precedes the first date that he would have satisfied the "rule of 85, minimum age 60", had employment continued, but not later than age 65.

LATE RETIREMENT
A member who continues in employment after his normal retirement date continues to make contributions to the Plan and his pension does not commence until his actual retirement date or the end of the year in which the member attains age 71, if earlier.

PENSION
At retirement, the member is entitled to an annual pension equal to 2% of his final average earnings multiplied by the member's years of credited service less 0.6% of his CPP average earnings multiplied by the member's years of service since January 1, 1990. Final average earnings are the average of the best 5 years earnings in the last 12 prior to retirement. CPP average earnings are the member's average earnings up to the YMPE in the 5 years prior to retirement. For members who retired prior to April 1, 2009, the maximum annual pension was $1,722.22 per year of credited service. Effective April 1, 2009, the maximum was increased to $1,975.00 per year of credited service for members who retired on or after April 1, 2009.

FORMS OF PENSION
For members who retired prior to November 10, 2008, the normal form of pension at retirement was payable for life with a guarantee of 5 years' payments. Effective November 10, 2008, members retiring with a spouse at retirement receive a pension in the form of joint and survivor with 2/3 continuing to the surviving spouse. Other options are available on an actuarially equivalent basis.

PENSION INCREASES
For increases provided prior to December 31, 2013, pensions in payment and deferred pensions are increased automatically on July 1 by the same percentage as the investment return on the fund in the previous year, based on actuarial values, exceeds 6%, subject to a maximum increase of the CPI in that year. If the increase in any year is limited by the CPI increase and there was a previous year, or years, when the increase was less than the CPI, the University, on the advice of the Plan trustees, may provide a higher increase so that some or the entire shortfall may be made up.

The Plan was amended for increases provided after December 31, 2013 to revise the method of calculating supplemental pension increases. The amendment changes the calculation of the excess fund return to be the excess over 6% of the previous four-year geometric average rather than the excess over 6% of the actuarial return of smoothed assets in the previous year.

DEATH BENEFITS PRIOR TO RETIREMENT

The death benefit is the commuted value of the pension earned to the date of death.

BENEFITS ON TERMINATION OF EMPLOYMENT

A member who terminates employment is entitled to a deferred pension payable from normal retirement date.

50% of the deferred pension in respect of service after January 1, 1985 must be paid for by University contributions.

Members not eligible to commence an immediate pension upon termination of employment may transfer the commuted value of their accrued pension to a locked-in retirement account.

GREAT-WEST LIFE PENSIONERS

Those members who retired prior to May, 1989 had their pensions provided by an annuity purchased from Great-West Life. Each year additional amounts of annuities had been purchased to provide pension increases but beginning in 1999 any additional pensions for these members are paid from the fund.

Appendix B. ACTUARIAL ASSUMPTIONS AND METHODS

Going Concern Valuation

These assumptions are the same as those used at the previous valuation, except where noted.

Interest:

In order to determine the expected investment return on the investments of the Plan our model determined expected long-term capital market returns, standard deviations and correlations for each major asset class noted in Appendix E (universe bonds, Canadian equities, global equities, etc.) by using historic returns, current yields and forecasts. We then stochastically generated projected asset class returns for 5,000 paths over 30 years to create expected returns for each asset class. The simulated going concern discount rate was the return at the median of each asset class weighted by the asset mix percentages of the benchmark fund in the Managed Account Agreement between Connor, Clark and Lunn and the Pension Trustees.

We have assumed that there will be no added-value returns from the active management strategy employed in excess of the associated additional investment management fees.

Based on the methodology described above, the going concern discount rate assumption was developed as follows:

	Expected Return
Simulated gross investment return before margin and expenses	6.35%
Provision for investment management and administration expenses	(0.50%)
Provision for adverse deviations	(0.30%)
Going concern discount rate	5.55%

Expenses:

The interest rate assumption includes an implicit provision for investment and administration expenses paid from the Plan based on recent experience in the Plan.

Inflation:

We have assumed increases in the Consumer Price Index for Canada (“CPI”) equal to 2.0% per year. We have based our assumed inflation rate on our estimate of future inflation considering the Bank of Canada’s inflation target of 1% to 3% per annum. Our chosen rate is consistent with the implied market rate based on long term Government of Canada nominal bonds and long-term Government of Canada real return bonds.

Salary Increases:

Salaries are assumed to increase from 2018 levels as follows:

i. General - 3.0% per year. This rate is based on an allowance for market implied inflation at December 31, 2018 of 2.0% per year plus real salary increases of 1.0% per year which is consistent with historical increases in the Canadian economy.

ii. Promotional & Merit - Academic and non-union members – we have used a promotional and merit scale, extracts of which are shown below:

Age	Average Annual Increase over next 5 years	Average Annual Increase to age 65
30	3.1%	1.9%
35	2.9%	1.8%
40	2.7%	1.6%
45	2.6%	1.5%
50	2.4%	1.5%
55	2.4%	1.7%
60	2.3%	2.3%

Scheduled rate increases according to collective bargaining agreements are reflected in our valuation. A summary of the annual increases are as follows:

Year	Academic and non-union members	Non-Academic union members
2018	2.50%	3.00%
2019	0.00%	3.50%
2020	0.00%	1.00%
2021	0.75%	1.00%
2022	1.00%	1.75%
2023	*	2.00%

** increase rates as per our assumption above*

Mortality:
The 2014 Public Sector Mortality Table without size adjustments (CPM2014Publ), projected with full generational improvements in mortality using CPM improvement Scale B (CPM-B), was used to estimate the incidence of death before and after retirement.

Termination:
Considering the size of the Plan, there is not adequate termination experience data appropriate for developing a table of termination probabilities. We have continued to assume termination probabilities in accordance with three times the probabilities from the Ontario Light Table, with zero probability for ages greater than or equal to 55. Sample rates are as follows:

Age	Probability of Termination
30	16.8%
35	9.6%
40	6.6%
45	5.1%
50	3.6%
55	0%

We have assumed that 75% of members terminating prior to becoming eligible for retirement will elect to receive their pension as a lump sum commuted value. The commuted values are calculated using an assumed rate of 4.0% per year. The remaining terminating members are assumed to receive a deferred pension from the Plan.

The assumed future commuted value discount rate is based on:

- Assumed current bond yields with an expectation that yields will rise in future years, and
- The inflation assumption of 2.0% per year

Retirement:
The retirement age of members has a financial impact on the Plan. We have developed the following table based on 5 years of retirement experience in the Plan from 2011 to 2016. This table will be re-evaluated as more experience is revealed and updated as appropriate when future valuations are performed.

Age	Probability of Retirement
55 - 57	5.0%
58	7.5%
59 - 61	10.0%
62 - 63	15.0%
64	25.0%
65	35.0%
66 - 69	25.0%
70+	100.0%

Deferred plan members are assumed to retire at age 55.

Year’s Maximum Pensionable Earnings:
We have assumed that the CPP Year’s Maximum Pensionable Earnings (YMPE) will increase annually based on average general increases in wages in Canada. For this valuation we have

assumed that the YMPE will increase from its 2019 level of $57,400 by 3.0% per year. This is consistent with the general salary increase assumption.

For the previous valuation it was assumed that the YMPE would increase from its 2018 level of $55,900 by 3.0% per year.

Future Pension Increases:
Pensions in pay and deferred pensions are increased annually by an amount equal to the excess of the four-year average investment return of the fund over a base rate of 6.0%, limited by the increase in the Consumer Price Index for Canada. Despite assuming that the fund will earn 5.55% per year on average over the long term, based on the asset mix of the fund we expect that there will be years where the fund return will exceed 6.0% and increases in pensions will be granted. Pensions for retired and deferred members will not be increased in 2019. We have assumed that pensions will subsequently increase following 2019 by 0.75% per year thereafter.

Future increases in respect of pensions paid by Great-West Life:
Pension for retired and deferred members will not be increase in 2019. We have assumed pensions will subsequently increase following 2019 by 0.75% per year. We have included in our valuation a provision for the full amount of pension increases to be paid out of the Plan with respect to pensions paid by Great-West Life.

Actuarial value of assets:
For this valuation, we have continued to use an actuarial value of assets that smooths excess investment returns over a four-year period relative to the assumed investment return. The assumed investment return is the rate applicable from the prior actuarial valuation for each year during the smoothing period. The applicable assumed investment returns are shown below:

Year	Assumed Investment Return
2015	5.65%
2016	5.55%
2017	5.55%
2018	5.55%

We further restrict the actuarial value of assets to be within 5% of the market value of assets, if required.

Family composition:
Because members who are married at the time of retirement receive a joint and survivor pension with 2/3rds of the pension continuing to the spouse and single members receive a lifetime pension guaranteed for five years, the marital status at retirement can have a financial impact on the Plan. Reliable data on family composition at retirement is unavailable for this Plan. We have assumed that 85% of male members and 70% of female members have a spouse at retirement and the male spouse is three years older than the female spouse which is typical for pension plans in general.

GOING-CONCERN VALUATION METHOD

We have used a projected unit credit actuarial cost method. This values the benefits for accrued service to the valuation date by projecting salaries to retirement, determining the pension at retirement and discounting the value back to the valuation date. We compare the value of the liabilities in respect of service after 1984 to the contributions plus interest in respect of the same period to determine if the 50% test is applicable. If it is, we make the appropriate adjustment to the liability. Ancillary benefits on death or termination of employment are valued in a similar manner.

The liability for sessional employees who had no pensionable earnings in 2018 is determined to be two times their accumulated contributions with interest as at December 31, 2018.

The University's current service cost under this method is the excess of the cost of benefits which will arise in the year following the valuation over the member's contributions in that year.

Solvency and Wind-up Valuation

The following summarizes the actuarial assumptions used for the Solvency and Wind-up Valuations:

Actuarial value of assets:	Solvency: Smoothed value based on four-year smoothing relative to an expected return of: • 2015: 5.65% per year • 2016: 5.55% per year • 2017: 5.55% per year • 2018: 5.55% per year Wind-up: Market value
Interest:	3.20% per year for annuity purchase[1] 3.20% per year for 10 years and 3.40% per year thereafter for lump sum transfer.
Future increases in Pensionable Earnings:	None
Mortality:	CPM2014 (Combined) Mortality Table with mortality improvement projected generationally in accordance with Scale CPM-B.

[1] In accordance with the CIA Educational Note, the spread above the unadjusted CANSIM series V39062 was determined to be 108 basis points based on a duration of 10.5 for the portion of the liability assumed to be settled through the purchase of annuities. Accordingly, the discount rate assumed for the purchase of non-indexed annuities is 3.20%.

Marital Status	85% of male members are married, 70% of female members are married, with male spouse 3 years older than female spouse.
Proportion electing annuity purchase	100% of retirees and 100% of active and deferred members age 55 & older. All others elect a lump sum transfer of the commuted value.
Allowance for wind-up expenses:	$310,000 (approximately $50,000 plus $275 per member). Excludes costs related to surplus/deficit distribution issues on plan wind-up. Assumes all expenses will be paid from the Plan in the event of wind-up.
Pension Increase	We have made no allowance for any assumed future pension increases.

The liability for sessional employees who had no pensionable earnings in 2018 is determined to be two times their accumulated contributions with interest as at December 31, 2018.

Incremental Cost

The incremental cost is the present value, at the valuation date, of the expected aggregate change in the hypothetical wind-up or solvency liability between the valuation date and the next valuation date. It also reflects expected benefit payments between the valuation date and the calculation date.

In our report we have determined the incremental cost under the solvency basis. The incremental cost was determined as the sum of (a) and (b) minus (c)

(a) the projected solvency liability at the next valuation date for those members at the current valuation date, allowing for expected decrements and change in membership status, service accrual and increase in earnings between the current valuation date and the next valuation date. An adjustment was made for new entrants between the two valuation dates. The demographics and earnings of the new entrants are consistent with the new entrants hired over the past year. An adjustment was also made for the cost of living increase to be granted to retired and deferred members prior to the end of the year, if any. The resulting projected solvency liability was then discounted with interest to the current valuation date;

(b) the present value of the benefit payments expected to be paid between current valuation date and the next valuation date, discounted with interest to the current valuation date;

(c) the solvency liability as at the current valuation date.

For purposes of calculating the solvency incremental cost, the expected decrements, as well as the expected benefit payments between the current valuation date and the next, were determined using the going concern demographic assumptions. The projected solvency liability at the next valuation date was determined using the same method and assumptions as disclosed in this Appendix. In particular, we have assumed that the discount rates will remain the same throughout the projection period and the Standards of Practice for determining commuted value rates in effect at the valuation date will remain unchanged, as will the current educational guidance on the estimation of annuity purchase costs.

Appendix C. MEMBERSHIP DATA

This section provides a summary of membership data used in the valuation. Eckler provides membership record keeping and administration services for the Plan, updated based on an annual report provided by the University. The data was compiled from our records as at December 31, 2018. We have reconciled the data with that used in the previous valuation and are satisfied that the data are sufficient and reliable for the purposes of the valuation.

Active Members[2],[3]	12.31.2018	12.31.2017
Number of Members	486	455
Average Pensionable Earnings[4]	$78,641	$77,406
Average Credited Service	10.1	10.3
Average Age	49.0	49.0
Total Required Contributions with Interest	$23,950,015	$22,444,288
Total Additional Voluntary Contributions with Interest	$142,766	$167,514

Deferred Pensioners	12.31.2018	12.31.2017
Number of Members	73	78
Average Age	54.3	53.0
Average Annual Deferred Pension Payable at 65	$5,749	$5,833

[2] Active Members includes sessional employees with earnings in the calendar year prior to the valuation date.
[3] For December 31, 2018, the date includes three members that may be retroactively enrolled in 2019 for whom we have included an liability as at December 31, 2019.
[4] Earnings shown represent the actual earnings in the year prior to the valuation date. Earnings for new entrants have been annualized.

Pensioners and Survivors	12.31.2018	12.31.2017
Number of Lifetime Pensions	331	328
Average Age (Lifetime Pensions)	74.9	74.8
Average Annual Lifetime Pension[5]	$26,347	$25,792
Number of Certain Only Pensions	1	1
Average Annual Certain Only Pension	$11,393	$11,189
Number of Great-West Life Pensions	10	11
Average Age (Great-West Life Pensions)	93.2	92.7
Average Annual Great-West Life Pension	$10,047	$9,379
Sessional Employees[6]	**12.31.2018**	**12.31.2017**
Number of Members	47	43
Total Required Contributions with Interest	$108,045	$107,795

[5] Includes one member who returned to work and has suspended pension payments

[6] Sessional Members includes sessional employees that did not have any pensionable earnings in the calendar year prior to the valuation date.

Distribution of Active Membership

The following tables summarize the distribution of active membership by age and credited service. We have included the count of members in each group and shown their average pensionable earnings for 2018.

Academic and Non-Union Members

Age Group	Credited Service 0 - 4	5 - 9	10 - 14	15 – 19	20 – 24	25 - 29	30 - 34	35+	Total
25 - 29	5								**5**
	42,358								**42,358**
30 - 34	20	4							**24**
	60,820	91,142							**65,874**
35 - 39	38	4	1	1					**44**
	70,451	72,713	*	*					**72,336**
40 - 44	34	8	7	1					**50**
	70,093	86,262	90,785	*					**76,002**
45 - 49	19	7	7	11					**44**
	63,951	107,587	115,039	110,266					**90,600**
50 - 54	15	6	12	8	3	1	1		**46**
	60,317	97,445	114,868	118,068	*	*	*		**95,848**
55 - 59	19	4	11	10	8	5			**57**
	45,769	102,988	115,075	125,619	145,848	122,101			**97,910**
60 - 64	10	4	14	11	6	4	3	1	**53**
	57,018	128,601	83,959	118,794	127,352	172,137	*	*	**104,315**
65 - 69	2	1	4	4	3	1	1	3	**19**
	*	*	113,747	101,115	*	*	*	*	**122,833**
70 - 74	1	1					1	1	**4**
	*	*					*	*	**90,200**
Total	**163**	**39**	**56**	**46**	**20**	**11**	**6**	**5**	**346**
	63,079	**97,079**	**103,984**	**115,724**	**139,020**	**140,510**	**124,777**	**137,215**	**89,524**

**Earnings in cells with fewer than three members have been suppressed.*

Non-Academic Union Members

Age Group	Credited Service 0 - 4	5 - 9	10 – 14	15 - 19	20 - 24	25 - 29	30 - 34	35+	Total
0 - 25	1								**1**
	*								*****
25 - 29	4	1							**5**
	48,011	*							**50,306**
30 - 34	14	3	1						**18**
	48,497	*	*						**50,424**
35 - 39	7	10	2	1					**20**
	50,289	58,928	*	*					**54,871**
40 - 44	6	5	5	4					**20**
	47,580	52,205	53,415	64,499					**53,579**
45 - 49	5	1	3	2		2			**13**
	44,279	*	*	*		*			**52,283**
50 - 54	2	1	3	2	2	1	1		**12**
	*	*	*	*	*	*	*		**52,925**
55 - 59	6	3	2	6	2	4	2		**25**
	45,295	*	*	46,783	*	57,784	*		**48,484**
60 - 64			2	2	4	3	5	2	**18**
			*	*	53,647	*	56,895	*	**55,845**
65 - 69		1	1		2	1		1	**6**
		*	*		*	*		*	**43,473**
70 - 74	2								**2**
	*								*****
Total	**47**	**25**	**19**	**17**	**10**	**11**	**8**	**3**	**140**
	47,170	**54,739**	**53,955**	**52,524**	**49,464**	**56,412**	**56,292**	*****	**51,744**

**Earnings in cells with fewer than three members have been suppressed.*

The following table summarizes the distribution of inactive members by age.

Pensioner and Survivor Lifetime Pensions			Deferred Pensioners		
Age	**Count**	**Average Annual Lifetime Pension**	**Age**	**Count**	**Average Annual Deferred Pension Payable at 65**
55 - 59	6	$16,957	30 - 34	3	$3,948
60 - 64	19	$19,320	35 - 39	4	$4,390
65 - 69	73	$24,077	40 - 44	6	$5,090
70 - 74	69	$34,163	45 - 49	8	$6,543
75 - 79	76	$28,579	50 - 54	10	$7,366
80 - 84	45	$25,201	55 - 59	19	$5,291
85 - 89	24	$23,331	60 - 64	15	$5,290
90 - 94	17	$15,107	65 - 69	5	$6,597
95+	2	$7,219	70+	3	$6,952
Total	**331**	**$26,347**	**Total**	**73**	**$5,749**

The following table summarizes the changes in membership since the previous valuation.

Reconciliation of Membership

	Active[7]					
	Academic and non-union members	**Non-Academic union members**	**Pensioner[8]**	**Deferred**	**Sessional[9]**	**Total**
At December 31, 2017	318	137	329	78	43	905
New entrants	44	11		1	3	59
Sessional to active						-
Active to sessional	(5)				5	-
Terminations						
- Deferred	(3)			4	(1)	-
- Paid out	(4)	(4)		(5)	(2)	(15)
Retirements						
- Pension	(3)	(4)	12	(5)		-
Death	(1)		(11)	(1)		(13)
Survivors			3			3
At December 31, 2018	346	140	333	72	48	939

[7] Includes sessional employees with earnings in the year prior to the valuation date.

[8] Includes one member who has returned to work and has suspended pension payments

[9] Sessional employees with no earnings in the year prior to valuation date.

Appendix D. PLAN ASSETS

Assets of the Plan are held in trust with CIBC Mellon. The funds are invested in a number of pooled funds operated by Connor, Clark, & Lunn. We have relied on the draft financial statements for the fund prepared by Brandon University for the December 31, 2018 year-end, as well as information provided by CIBC Mellon to determine the assets of the Plan.

Asset Mix Policy

	Minimum	Maximum	Benchmark
Canadian Equities	25%	55%	35%
U.S. Equities	0%	30%	12.5%
International Equities	0%	30%	12.5%
Bonds	30%	70%	35%
Real Estate	0%	5%	0%
Cash and Equivalents	0%	40%	5%
Total			100.0%

Total exposure to equities is to be no less than 35% of the pension fund and no more than 70% of the pension fund.

FINANCIAL STATEMENTS

A summary of the change in assets since January 1, 2016, provided by the University, is summarized below:

	2016	2017	2018
Balance at January 1	159,207,717	169,952,516	185,433,809
Member Contributions	2,313,213	2,322,506	2,314,296
University Contributions	4,292,569	3,701,727	3,289,314
Transfers	34,244	30,681	53,355
Investment Income	4,285,567	5,421,198	4,793,796
Realized Gains + Losses	12,000,480	11,148,570	5,172,202
Change in Market Values	(3,004,792)	2,756,720	(14,227,750)
Other income	0	229	7
Pensions Paid	(7,518,346)	(8,039,812)	(8,683,502)
Termination Payments	(916,346)	(238,395)	(837,841)
Death Payments	0	(880,835)	(155,733)
Expenses	(741,790)	(741,296)	(878,321)
Balance at December 31	169,952,516	185,433,809	176,273,632

The market value of assets as at December 31, 2018 shown above is equal to the invested assets of $175,525,784 plus contributions receivable equal to $873,963 minus payables equal to $126,115.

ACTUARIAL VALUE OF ASSETS

To place a value on the assets for actuarial valuation purposes, we have used an approach which smooths out the volatility of the market valuation by amortizing excess investment earnings net of expenses over the assumed investment earnings for the same period based on the actuarial valuation in effect at the time. Specifically, net investment earnings in excess of the following assumed rates are amortized over a four-year period. We further restrict the actuarial value of assets to be within 5% of the market value, if required.

Year	Assumed Investment Return		Actual Net Investment Return	Excess Net Investment Return
2015	5.65%	8,725,488	6,069,006	(2,656,482)
2016	5.55%	8,786,226	12,539,465	3,753,239
2017	5.55%	9,346,225	18,585,192	9,238,967
2018	5.55%	10,180,018	(5,140,073)	(15,320,091)

In practical terms, the actuarial asset value includes 100% of the excess investment earnings from 2015, 75% from 2016, 50% from 2017 and 25% from 2018.

The actuarial asset value is derived as follows:

Market value at Dec. 31, 2018				176,273,632
-75% of 2018 excess investment earnings	0.75 x	(15,320,091)	=	11,490,068
-50% of 2017 excess investment earnings	0.50 x	9,238,967	=	(4,619,483)
-25% of 2016 excess investment earnings	0.25 x	3,753,239	=	(938,310)
-0% of 2015 excess investment earnings	0.00 x	(2,656,482)	=	0
Actuarial value at Dec. 31, 2018, before limit				**182,205,907**
Actuarial value as a percent of market value				**103.4%**

The actuarial value of assets must be within 5% of the market value of assets. As shown above, the actuarial value is within 5% of the market value and therefore no restriction applies.

INVESTMENT RETURN

Assuming that all cash flows occurred in the middle of the year, the pension fund earned a rate net of return of expenses of -2.80% based on the market value of assets and 5.10% based on the actuarial value of assets in 2018.

Appendix E. CERTIFICATE OF TRUSTEES

With regards to the December 31, 2018 actuarial report for the Brandon University Retirement Plan, we hereby certify that, to the best of our knowledge and belief:

- A copy of the official Plan document and all amendments made to December 31, 2018, were provided to the actuary;
- The membership data provided to the actuary includes a complete and accurate description of every person who is entitled to benefits under the terms of the Plan for service up to December 31, 2018; and
- All events subsequent to December 31, 2018 that may have an impact on the valuation have been communicated to the actuary.
- The valuation reflects the terms of the engagement with the actuary, in particular the use of a 5.55% valuation interest rate.

Signature	Signature
Title	Title
Date	Date

Auditor General
MANITOBA

Brandon University Retirement Plan

Report to the Board of Trustees

Annual Audit Results

FOR THE YEAR ENDED DECEMBER 31, 2018

Auditor General
MANITOBA

June 6, 2019

To the Board of Trustees of the Brandon Univeristy Retirement Plan:

We are near the end of our audit of the December 31, 2018 financial statements of the Brandon University Retirement Plan.

In this report, we provide a summary of our audit results, which includes communications required under Canadian generally accepted auditing standards (Canadian GAAS). We have addressed all of the matters that came to our attention during the audit that we believe the Audit Committee should be aware of in reviewing the financial statements.

We will be pleased to elaborate on any of these points, to the extent you desire or consider necessary, during the Board of Trustees meeting on June 6, 2019.

We would like to take this opportunity to express our appreciation for the cooperation and assistance provided to us by management and staff during the audit.

Sincerely,

Brendan Thiessen, CPA, CA
Principal

Enclosure

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www.oag.mb.ca

Table of Contents

Summary

We have performed our audit in a manner consistent with the Report to the Board of Trustees—Annual Audit Plan ("Audit Plan"), which was discussed with the Board of Trustees on February 26, 2019.

This report has been prepared to include the communications between an auditor and the Board of Trustees, as required by Canadian GAAS. It provides the Trustees with timely observations arising from the audit that are significant and relevant to its responsibility to oversee the financial reporting process; the promotion of effective two-way communication; and assisting the Trustees in their review and recommendation for approval of the financial statements.

Audit objectives

The objectives of our audit were to provide an independent opinion on whether:

- the financial statements present fairly, in all material respects, the financial position of the Brandon University Retirement Plan as at December 31, 2018, and the changes in its net assets available for benefits and changes in its pension obligations for the year then ended in accordance with Canadian accounting standards for pension plan.

Independent Auditor's Reports

Following the completion of our audit, we intend to issue an unmodified opinion on the financial statements. The form and content of our independent auditor's report have been prepared in accordance with Canadian GAAS. We have included our draft report in Appendix A.

Our auditor's report will be issued once we have received and completed our audit work on the following outstanding items:

- communication that the financial statements have been approved by the Board of Trustees;
- receipt of management's signed letter of representation; and
- completion of subsequent events procedures.

Significant audit, accounting, and financial reporting matters

In connection with the preparation of financial statements, management is required to select accounting policies as well as make critical accounting estimates and disclosures that involve significant judgment and measurement uncertainty, which can have a significant impact on the reported results.

We are responsible for discussing with the Trustees our views about the significant qualitative aspects of the accounting practices, including the appropriateness of accounting policies, the reasonableness of key accounting estimates and judgments, as well as the adequacy of financial statement disclosures.

Our comments and views included in this report should be taken in the context of the financial statements as a whole. We are sharing our views with you to facilitate an open dialogue on these matters.

Investments

Background/risk

The Plan's investments are the most significant asset class and are carried at fair value. CIBC Mellon is the custodian of the investments and Connor, Clark & Lunn Investment Management Ltd is the Investment Managers for the Brandon University Retirement Plan. They provide the fair value of investments based on International Financial Reporting Standards (IFRS 13).

Our response

- We confirmed balances, including the cost and fair value, with the custodian and investment manager.
- We used the CSAE 3416 Audit Report on Controls at a Service Organization (CIBC Mellon – custodian).
- We reviewed reconciliations – manager to custodian to general ledger.
- We compared fair values reported by the custodian and the investment manager.

Our findings

There are no significant matters to report based on our work.

Pension Obligations

Background/risk

Obligations for pension benefits are the most significant liability of the Plan and are determined using an actuarial valuation. The valuation is used as an accounting estimate and requires significant management judgment regarding the assumptions adopted, including the discount rate.

Our response

- We used the work of the Plan's actuaries; we performed an assessment of the reasonableness of the actuarial assumptions and changes in actuarial gains and losses.
- We reviewed the plan data provided to the actuaries.
- We reviewed the reasonableness of the actuary's output.
- We made the necessary inquiries of the actuary to assess the risk of an error.

Our findings

There are no significant matters to report based on our work.

Risk of fraud in revenue recognition

Background/risk

Auditing standards assume that there is a rebuttable presumption that there is a significant risk of fraud in revenue recognition in all businesses.

Our response

- We updated our understanding of the potential risks of fraud in revenue recognition.
- We evaluated the internal controls over revenue recognition.
- We obtained substantive evidence related to the specific risk of fraud in revenue recognition.
- We tested journal entries related to revenue recognition.

Risk of fraud in revenue recognition

Our findings

There are no significant matters to report based on our work.

Risk of management override of controls

Background/risk

Auditing standards require that the risk of material misstatement due to management override of controls be considered a significant risk on every audit engagement (CAS 240.32).

Our response

- We updated our understanding of the internal controls designed to prevent and detect fraud.
- We tested a sample of journal entries and other adjustments for evidence of the possibility of material misstatement due to fraud.
- We reviewed accounting estimates for biases that could result in a material misstatement due to fraud.
- We evaluated the business rationale for significant unusual transactions.
- We included an element of unpredictability in audit procedures.

Our findings

There are no significant matters to report based on our work.

Other required communications

Canadian GAAS requires that we communicate certain other matters to the Trustees that may assist its members in overseeing management's financial reporting and disclosure process. We summarize that information as they apply to the organization in Appendix B.

Summary of uncorrected misstatements

In addition to the above significant matters, we are required to communicate to the Trustees uncorrected misstatements and the effect that they, individually or in aggregate, may have on our opinion noted in the independent auditor's report.

As a result of our audit, we have not identified any unadjusted misstatements or disclosure exceptions.

We have concluded that the financial statements taken as a whole are free of material misstatement.

Appendix A — Draft Independent Auditor's Report

To the Legislative Assembly of Manitoba
To the Board of Trustees of the Brandon University Retirement Plan

Opinion

We have audited the financial statements of the Brandon University Retirement Plan, which comprise the statement of financial position as at December 31, 2018, the statements of changes in net assets available for benefit and changes in pension obligations for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Brandon University Retirement Plan as at December 31, 2018, and the changes in its net assets available for benefits and changes in its pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Brandon University Retirement Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Brandon University Retirement Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate the Brandon University Retirement Plan or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Brandon University Retirement Plan's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Brandon University Retirement Plan's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Brandon University Retirement Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Brandon University Retirement Plan to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Office of the Auditor General
Winnipeg, Manitoba
Date

Appendix B — Other required communications

Auditors' independence

We confirm that the Office of the Auditor General of Manitoba remained independent of the Brandon University Retirement Plan throughout the audit. No new matters have arisen since our Audit Plan that could reasonably be thought to bear on our independence.

Audit approach

We performed our audit in accordance with the approach previously communicated to you in our Audit Plan. No significant developments or new information came to our attention to indicate that a change in quantitative materiality was warranted.

Significant difficulties encountered in performing the audit

We did not encounter any difficulties or disagreements with management while performing our audit that would require the attention of the Trustees.

Significant deficiencies in internal control

A significant deficiency in internal control is a deficiency or combination of deficiencies, which, in the auditor's judgment, are important enough to merit being reported to the Trustees. We have not identified any significant deficiencies in internal control.

Fraud inquiry and communication with the Board of Trustees

No fraud involving senior management or employees with a significant role in internal control, or that would cause a material misstatement in the financial statements, came to our attention as the result of our audit procedures. Additionally, we have observed no other matters related to fraud that are, in our judgment, relevant to your responsibilities.

We would like to reconfirm that the Board of Trustees are not aware of any such fraud not previously disclosed to us.

Management representations

We are required to inform you of the representation we are requesting from management. A copy of the management representation letter is included in Appendix C.

Management letter

We have not identified opportunities for changes in procedures that would improve systems of internal control, streamline operations, and/or enhance financial reporting practices.

Other information in the annual report and other documents containing audited financial statements

Management has agreed to provide us with the MD&A and the other information as they become available. We will read the other information when received and consider whether there is a material inconsistency between the other information and the financial statements or with our knowledge obtained during the audit, in the context of audit evidence obtained and conclusions reached in the audit. We will communicate with you if there is a material inconsistency between the other information and the financial statements or with our knowledge obtained in the audit.

When no other information is obtained prior to the independent auditor's report of a non-listed entity, we are not required to include an Other Information section in our independent auditor's report. As a result, the draft independent auditor's report in Appendix A does not include an Other Information section.

Appendix C — Draft management representation letter

June 6, 2019

Office of the Auditor General of Manitoba
500-330 Portage Avenue
Winnipeg, Manitoba R3C 0C4

We are providing this letter in connection with your audit of the financial statements of the Brandon University Retirement Plan (BURP) as at December 31, 2018 and for the year then ended for the purpose of expressing an opinion as to whether such financial statements present fairly, in all material respects, the financial position, the changes in net assets available for benefits and changes in pension obligations, in accordance with Canadian public sector accounting standards.

We acknowledge that your audit is planned and conducted in accordance with Canadian generally accepted auditing standards so as to enable you to express a professional opinion on the financial statements. We understand that while your work includes an examination of the accounting system, internal controls, and related data to the extent you considered necessary in the circumstances, it is not designed to identify, nor can it necessarily be expected to disclose, fraud, errors, or other irregularities.

Management's responsibilities

We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 22, 2019. In particular, we confirm to you the following:

- We are responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards.
- We are responsible for designing, implementing, and maintaining an effective system of internal control over financial reporting, to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error. In this regard, we are responsible for establishing policies and procedures that pertain to the maintenance of accounting systems and records, the authorization of receipts and disbursements, and the safeguarding of assets, and for reporting financial information in accordance with Canadian public sector accounting standards.
- We are responsible for complying with legislative and other authorities that govern BURP.

- We have provided you with all relevant information and access, as agreed in the terms of the audit engagement.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.

We confirm the following representations:

Preparation of financial statements

The financial statements include all disclosures necessary for fair presentation in accordance with Canadian public sector accounting standards, and disclosures otherwise required to be included therein by the laws and regulations to which BURP is subject. In addition, the financial statements have been prepared on a basis consistent with that of the preceding year.

We have appropriately reconciled our books and records (for example, general ledger accounts) underlying the financial statements to their related supporting information (for example, subledger or third party data). All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the financial statements. There were no material unreconciled differences or material items in the general ledger suspense accounts that should have been adjusted or reclassified to another account balance. There were no material items in the general ledger suspense accounts written off to a statement of financial position account that should have been written off to an operations account, nor were there such items written off to an operations account that should have been written off to a statement of financial position account. All intra-entity accounts have been eliminated or appropriately measured and considered for disclosure in the financial statements.

Accounting policies

We confirm that we have reviewed BURP's accounting policies and, with regard to the possible alternative policies, our selection and application of accounting policies and estimation techniques used for the preparation and presentation of the financial statements are appropriate in BURP's particular circumstances to present fairly in all material respects its financial position, the results of its operations, changes in its net assets available for benefits and changes in pension obligations in accordance with Canadian public sector accounting standards.

Internal controls over financial reporting

We have designed disclosure controls and procedures to ensure that material information related to BURP is made known to us by others.

We have designed internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with Canadian public sector accounting standards.

We have performed an assessment of the effectiveness of BURP's disclosure controls and procedures and internal control over financial reporting. We concluded that BURP maintained effective disclosure controls and procedures and internal control over financial reporting as of December 31, 2018.

We have not identified any deficiency in the design and operation of BURP's disclosure controls and procedures and internal control over financial reporting as part of our assessment as of December 31, 2018.

Disclosure of information

We have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation, and other matters, including:
  - contracts and related data.
  - information regarding significant transactions and arrangements that are outside the normal course of business.
  - minutes of the meetings of the Board of Trustees.
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

Completeness of transactions

All contractual arrangements entered into by BUR with third parties have been properly reflected in the accounting records and/or have been disclosed to you where material (or potentially material) to the financial statements. We have complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.

Fraud

We have disclosed to you:

- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all information of which we are aware that is related to fraud, or suspected fraud, affecting BURP and involving management, employees who have significant roles in internal control, or others, where the fraud could have a material effect on the financial statements; and
- all information related to any allegations of fraud, or suspected fraud, that could affect BURP's financial statements, and that was communicated by employees, former employees, analysts, regulators, or others.

Compliance with laws and regulations

We have disclosed to you all aspects of laws, regulations, and contractual agreements that may affect the financial statements, including actual or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

We are not aware of any illegal or possibly illegal acts committed by BURP's directors, officers, or employees acting on BURP's behalf.

There have been no communications from regulatory agencies concerning non-compliance with or deficiencies in financial reporting practices.

All transactions of BURP have been within its statutory powers and enabling legislation. BURP has complied with *The Pension Benefits Act* of Manitoba.

Accounting estimates and fair value measurements

We are responsible for all significant estimates and judgments affecting the financial statements. These include fair value measurements and disclosures. Significant estimates and judgments and their underlying assumptions, methods, procedures, and the source and reliability of supporting data are reasonable, based on applicable requirements of Canadian public sector accounting standards, and appropriately disclosed in the financial statements. The procedures and methods used in developing assumptions, estimates, and judgments are appropriate and have been consistently applied in the periods presented.

For recorded or disclosed amounts in the financial statements that incorporate fair value measurements, we confirm the following:

- The measurement methods are appropriate and consistently applied.
- The significant assumptions used in determining fair value measurements represent our best estimates, are reasonable, and have been consistently applied.
- No subsequent event requires adjustment to the accounting estimates and disclosures included in the financial statements.
- The significant assumptions used in determining fair value measurements are consistent with our planned courses of action.
- We have no plans or intentions that have not been disclosed to you that may materially affect the recorded or disclosed fair values of assets or liabilities.

Significant estimates and measurement uncertainties known to management that are required to be disclosed in accordance with The CPA Canada Public Sector Accounting Handbook, Section PS 2130, Measurement uncertainty, have been appropriately disclosed.

Related parties

We confirm that we have disclosed to you the identity of BURP's related parties as defined by the CPA Canada Handbook - Accounting Part II, Section 3840, Related party transactions.

The identity and relationship of, and balances and transactions with, related parties have been properly recorded and adequately disclosed in the financial statements, as required by Canadian accounting standards.

We confirm that we have identified to you all members of key management and close family members of key management, as defined by CPA Canada Handbook - Accounting Part II, Section 3840, Related party transactions.

Going concern

We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements (for example, to dispose of the entity or to cease operations).

Assets and liabilities

We have satisfactory title or control over all assets and have recorded or disclosed, as appropriate, all liabilities, in accordance with Canadian accounting standards.

Accounts receivable

All amounts receivable by BURP were recorded in the books and records. Amounts receivable are considered to be fully collectible.

Investments

All securities that were controlled by BURP were recorded in the accounts. All income earned on the financial assets has been recorded in the accounts.

We are not aware of any objective evidence of impairment that would result in the recognition of an impairment loss.

BURP's investments are recorded at market value on a trade date basis.

Pension obligations

The pension obligations are the actuarial present value of accrued pension benefits determined by applying the best estimate assumptions and the projected benefit method prorate on services.

Litigation and claims

All known actual or possible litigation and claims, which existed at the statement of financial position date or exist now, have been disclosed to you and have been accounted for and disclosed in accordance with Canadian accounting standards, whether or not they have been discussed with legal counsel.

Misstatements detected during the audit

Certain representations in this letter are described as being limited to those matters that are material. Items are also considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement.

We confirm that the financial statements are free of material misstatements, including omissions.

We confirm there are no uncorrected misstatements in the financial statements.

Events after the statement of financial position date

We have identified all events that occurred between the date of the statement of financial position and the date of this letter that may require adjustment of, or disclosure in, the financial statements, and we have made such adjustment or disclosure.

Other information

We have informed you of all the documents that we expect to issue that may comprise other information, whether financial or non-financial information (other than financial statements and the auditor's report), that will be included in BURP's annual report.

The financial statements and any other information provided to you prior to the date of the auditor's report are consistent with one another, and the other information does not contain any material misstatements.

With regard to other information that has not been provided to you prior to the date of the auditor's report, the final version of the document(s) will be provided to you prior to its issuance so that you can complete the required procedures/review.

Other Items

BURP has not issued any offering documents during the year, nor does it intend to issue offering documents in the near term.

Yours truly,

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Scott Lamont, FCPA, FCGA, MBA
Vice-President (Administration and Finance), Brandon University

____

Allison Noto, CPA, CGA
Director, Financial and Registration Services, Brandon University

Appendix D — Draft transmittal letters

June xx, 2019

Honourable Kelvin Goertzen
Minister of Education and Training
Room 168, Legislative Building
Winnipeg, Manitoba R3C 0V8

Dear Minister Goertzen:

Re: 2018 Brandon University Retirement Plan

We have completed our audit and have issued an unqualified audit opinion on the Brandon University Retirement Plan's financial statements. The opinion was provided to the Brandon University's Director, Financial and Registration Services.

We reviewed the audit results, including the draft audit opinion, with the Brandon University Retirement Plan's Board of Trustees.

A copy of this letter has been provided to the Minister of Finance and his officials.

If you wish to discuss any matters, we would be pleased to do so at your convenience.

Best regards,

Norm Ricard, CPA, CA
Auditor General

NR/tm

cc: Fred Meier, Clerk of the Executive Council
Dr. Todd Fugleberg, Chair, Board of Trustees
Derrick Stewart, Chair, Board of Governors, Brandon University
Dr. David Docherty, President and Vice-Chancellor, Brandon University
Grant Doak, Deputy Minister of Education and Training

June xx, 2019

Honourable Scott Fielding
Minister of Finance
Room 103, Legislative Building
Winnipeg, Manitoba R3C 0V8

Dear Minister Fielding:

Re: 2018 Brandon University Retirement Plan

We have completed our audit and have issued an unqualified audit opinion on the Brandon University Retirement Plan's financial statements. Attached is a copy of our letter to the Minister of Education and Training.

If you wish to discuss any matters, we would be pleased to do so at your convenience.

Best regards,

Norm Ricard, CPA, CA
Auditor General

Encl.

NR/tm

cc: Paul Beauregard, Secretary to Treasury Board
Jim Hrichishen, Deputy Minister, Finance
Aurel Tess, Provincial Comptroller, Finance

June xx, 2019

Dr. Todd Fugleberg
Chair, Board of Trustees
Brandon University Retirement Plan
270 – 18th Street
Brandon, Manitoba R7A 6A9

Dear Mr. Fugleberg

Re: 2018 Brandon University Retirement Plan

We have completed our audit and have issued an unqualified audit opinion on the Brandon University Retirement Plan's financial statements. The opinion was provided to the Brandon University's Director, Financial and Registration Services.

We appreciate the assistance provided by senior officials and other employees of the University during our audit. If you wish to discuss any matters, we would be pleased to do so at your convenience.

Sincerely,

Brendan Thiessen, CPA, CA
Principal

BT/tm

cc: Dr. David Docherty, President and Vice-Chancellor, Brandon University
Allison Noto, Director, Financial and Registration Services, Brandon University
Derrick Stewart, Chair, Board of Governors, Brandon University

June xx, 2019

Ms. Allison Noto, CPA, CGA
Director, Financial and Registration Services
Brandon University
270 – 18th Street
Brandon, Manitoba R7A 6A9

Dear Ms Noto:

Re: 2018 Brandon University Retirement Plan Audit Opinion

Included is our audit opinion on the Brandon University Retirement Plan financial statements.

We appreciate your cooperation and the cooperation of your staff during our audit.

Please let me know if you would like to discuss any matters.

Sincerely,

Brendan Thiessen, CPA, CA
Principal

BT/tm

Encl.

BRANDON UNIVERSITY RETIREMENT PLAN

ANNUAL REPORT - 2018

Incorporating the Annual Financial Statements

BRANDON UNIVERSITY

June 2019

Dear Member:

Enclosed is a detailed report on the operation of the Brandon University Retirement Plan this past year. Its purpose is to provide general information to the membership, particularly with regard to the financial operation and performance of the Plan. Full audited financial statements for the year ended December 31, 2018 are included in this report.

The Plan, under the guidance of Connor, Clark & Lunn Investment Management Ltd., had a negative rate of return of -2.4% in 2018 (11.5% in 2017). A significant downturn in the fourth quarter took year to date returns from 3% at the end of the third quarter to -2.4% at the end of the fourth quarter. This downturn was reversed in the first two months of 2019 returning the plan once again to a positive position. The negative returns in investments are recorded as “unrealized” change in fair value on the Statement of Changes in Net Assets Available for Benefits. This means that although market values declined, assets were not sold at that value so the loss was not “realized”.

The December 31, 2018 Brandon University Retirement Plan valuation completed by the Plan actuary, Eckler Ltd. determined that the Plan had a solvency deficiency of Plan assets over calculated Plan obligations (liabilities) of $41,552,000 in 2018 ($42,926,000 in 2017). The solvency ratio was 0.814 in 2018 (0.802 in 2017). In January 2009, Brandon University filed an election to be exempt from the requirement to make solvency deficiency special payments in accordance with the Solvency Exemption for Public Sector Pension Plans Regulation. As a result of the election, the University is not required to make special payments into the Plan related to the solvency deficiency.

The Going-Concern funding method shows an unfunded liability of $139,000 on December 31, 2018 ($1,110,000 in 2017). The University is required to make special payments to fund this unfunded liability over a maximum 15 year amortization period. The existing unfunded liability will be funded over 8 years. The annual cost of this special payment for 2018 was $156,000 ($664,000 in 2017). The annual special payment for 2019 is estimated to be $21,000. A “Going-Concern Valuation” assumes Brandon University will continue to operate, the Retirement Plan will continue to operate, and pension benefit obligations will come due through member retirement, termination of employment, or death.

The improvement of the financial position of the Plan is mainly due to positive demographic plan experience during the year.

As the solvency ratio of the plan is less than 0.90, the Pension Benefits Act of Manitoba requires the next valuation be effective no later than December 31, 2019. This valuation will be completed in 2020.

The Brandon University Retirement Plan was amended at the June 2018 meeting. Amendment 18/01 provides the option in the event of a marriage break-up after a pension has commenced to be paid, for the Parties to agree to have the pensions paid as two separate pensions without joint and survivor benefits. If the Parties do not agree, the form of pension must not be changed.

The Board of Trustees of the Retirement Plan welcomes any comments or questions from all members.

Sincerely,

Dr. Todd Fugleberg	Mr. Scott J.B. Lamont, FCPA, FCGA, MBA
Chair, Board of Trustees	Vice-President (Administration & Finance)
Brandon University Retirement Plan	Brandon University

BRANDON UNIVERSITY RETIREMENT PLAN

Annual Report for the year ended December 31, 2018

Members of the Board of Trustees (as of December 31, 2018):

Consultant/Actuary	Eckler Ltd.
Investment Manager	Connor, Clark & Lunn Investment Management Ltd.
Investment Sector Managers	Connor, Clark & Lunn High Yield Bond Fund I Connor, Clark & Lunn Long Bond Fund Class A Connor, Clark & Lunn Emerging Markets Equity Connor, Clark & Lunn Q Equity Extension I Connor, Clark & Lunn Q US Equity Fund SRA Canadian Equity Fund PCJ Canadian Equity Fund NS Partners International Equity Fund A
Custodian	CIBC Mellon Global Securities Services Company
Plan Administrator	Board of Trustees of the Brandon University Retirement Plan

General Information

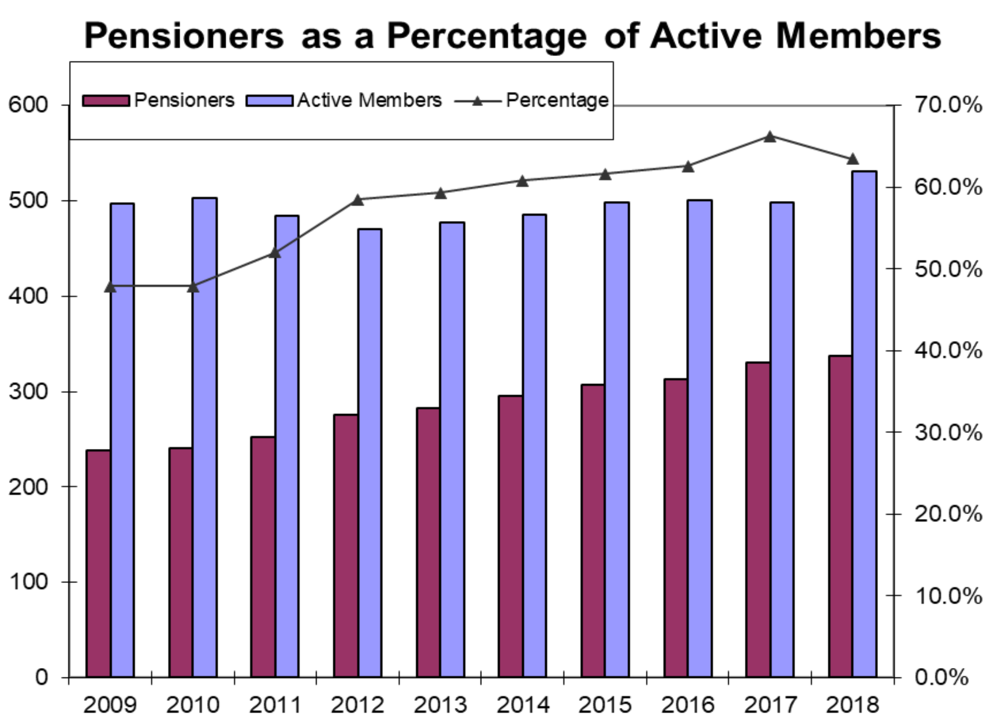
a) The Brandon University Retirement Plan is a final average, defined benefit plan, which provides a benefit to all eligible employees of Brandon University upon retirement, termination, or death. The Plan is administered by the Board of Trustees of the Brandon University Retirement Plan. A full description of the Plan is contained in the official Plan document and is available on the Brandon University website or from the Human Resources Office.

b) The Plan is funded by contributions from Plan members and the University, as well as the income from investments. Net assets in the plan, at market value, at December 31 were:

2018	$176.3 million
2017	$185.4 million
2016	$169.9 million
2015	$159.2 million
2014	$155.7 million

c) Similar to many other maturing pension plans in Canada, the number of pensioners is increasing relative to the number of active contributing members of the Plan. Over the past ten years, the number of pensioners has increased from 43% of the active members to 64% in 2018. Brandon University Retirement Plan membership at December 31:

	2018	**2017**
Active members	531	498
Pensioners	337	330
Deferred, inactive and Pending Election	81	91



An impact of increasing numbers of pensioners relative to active contributing members is the increasing need for investment income of the Plan to fund future income requirements. Pensions paid annually to retirees are 159% of the annual regular contributions from Plan members and the University. In addition, the University is making unfunded liability special payments to make up the unfunded liability shortfall calculated by the Plan actuaries.

Plan member transactions:	**2018**	**2017**
Member and University regular contributions to the plan	$5,447,610	$5,360,233
Unfunded liability special payments to the plan	156,000	664,000
Transfers from other plans	53,355	30,681
Pensions paid to retired members	8,683,502	8,039,812
Death benefits and refund settlements due to terminations	993,273	1,119,230

d) The Brandon University Retirement Plan is subject to a periodic valuation by an independent actuary to determine whether the current Plan assets and contributions from members and the University will adequately fund future benefits. The Pension Benefits Act of Manitoba requires that such a study be done at least every three years as long as the solvency ratio of the Plan is greater than 0.90. The most recent valuation was performed by Eckler Ltd. as at December 31, 2018. Using the solvency valuation method, the Plan had a deficiency of assets over actuarial (calculated) liabilities of $41,552,000 ($42,926,000 in 2017). Using the going-concern or aggregate method, the Plan had an unfunded liability of $139,000 in 2018 ($1,110,000 in 2017).

The University is required to make special payments to fund the unfunded liability over a maximum 15 year amortization period. The remaining existing unfunded liability will be funded over the next 8 years. The annual special payment for 2018 was $156,000 (2017 $664,000). No additional special payment is required to be made for the solvency deficiency because the University is exempted under the Solvency Exemption for Public Sector Pension Plans Regulation. However, since the solvency ratio of the plan is less than 0.90, the Pension Benefits Act of Manitoba requires that the next valuation be effective no later than December 31, 2019. It will be completed in 2020.

e) If the average net investment return on the Fund during the last four years exceeds 6.0% per annum, each pensioner who was receiving a pension at the end of that year, is entitled to receive an increase in that pension effective from July 1 in the following calendar year. The details of this entitlement are recorded in article 7.3 of the Brandon University Retirement Plan document, as amended April 11, 2013. The result of this calculation over the past 10 years is as follows:

Brandon University
Historical Increases (Article 7.3 - Supplementary Pension)

Brandon University Pension Increases - Post 2013 amendment						
	(1)	(2)	(3)	(4)	(5)	
Year	Net Investment Return (market value)**	Four-year Geometric Average Return	Excess of Average return over 6%	Increase in CPI	Actual COLA given	Effective Date of COLA Increase
2013	16.22%	8.45%	2.45%	1.20%	1.70%	1 July 2014
2014	8.53%	7.93%	1.93%	1.50%	1.50%	1 July 2015
2015	3.93%	9.43%	3.43%	1.60%	1.60%	1 July 2016
2016	7.90%	9.06%	3.06%	1.50%	1.50%	1 July 2017
2017	11.04%	7.82%	1.82%	1.90%	1.82%	1 July 2018
2018	-2.80%	4.89%	0.00%	2.00%	0.00%	1 July 2019

COLA = lower of columns (3) or (4)

** Net investment return is net of expenses. Therefor returns are lower than those reported by the investment manager.

Investment Management Objectives

The current investment manager, Connor, Clark & Lunn, Investment Management Ltd. (CC&L), was appointed December 30, 1994. Since that time, the plan investment management has been diversified by making use of several investment sector specialists within the family of companies working with CC&L, under the general management of CC&L.

The Investment Manager operates with the general objective to maximize long-term total returns while protecting the capital value of the fund. The Manager seeks to attain an average rate of return of 3% over the CPI increase for the same period. Secondary objectives are to generate returns in excess of the return of the Benchmark Fund over rolling four-year periods and to perform in the top third of investment managers as measured by a nationally recognized service. RBC Investor & Treasury Services was used as the measurement service for this report.

The Brandon University Retirement Plan annual investment performance (-2.4%) did not exceed the objective of CPI plus 3% (5.0%) for 2018, while the four year rolling average ending in 2018 did. (BU Plan was 5.3% vs. 5.0%). The Plan exceeded the rolling four year average benchmark return (BU Plan 5.3% vs. Benchmark 5.0%). Although the top third of managers is not reported by BIA, the BU Plan annual return (-2.4%) was higher than the median (-2.8%) and lower than the top 25% (-1.6%) of balanced fund investment managers in 2018. The BU Plan four year rolling average return (5.3%) was higher than the median (4.5%) and higher than the top 25% (4.7%) of balanced fund investment managers.

Investment Performance

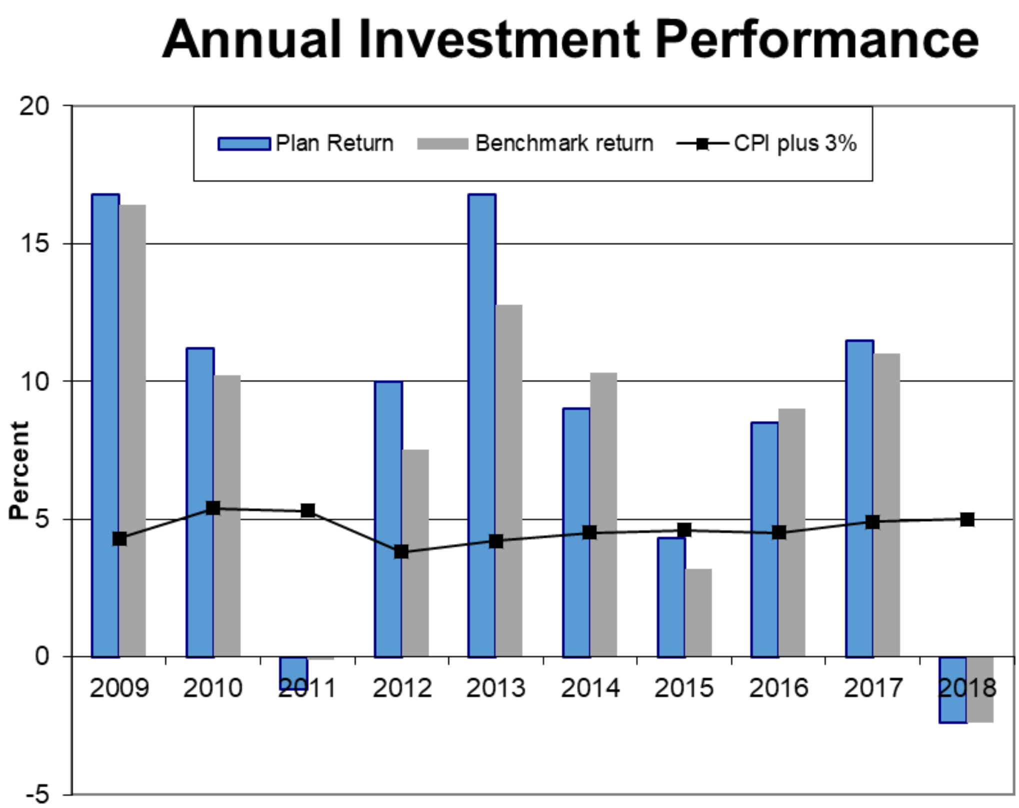
Period Ending December 31	**Total Return**	**Annual Rate of Increase in CPI**
2018	-2.4%	2.0%
2017	11.5%	1.9%
2016	8.5%	1.5%
2015	4.3%	1.6%
2014	9.0%	1.5%

Benchmark return for 2018 -2.4%

Four year rolling average ending 2018

Retirement plan performance 5.3%

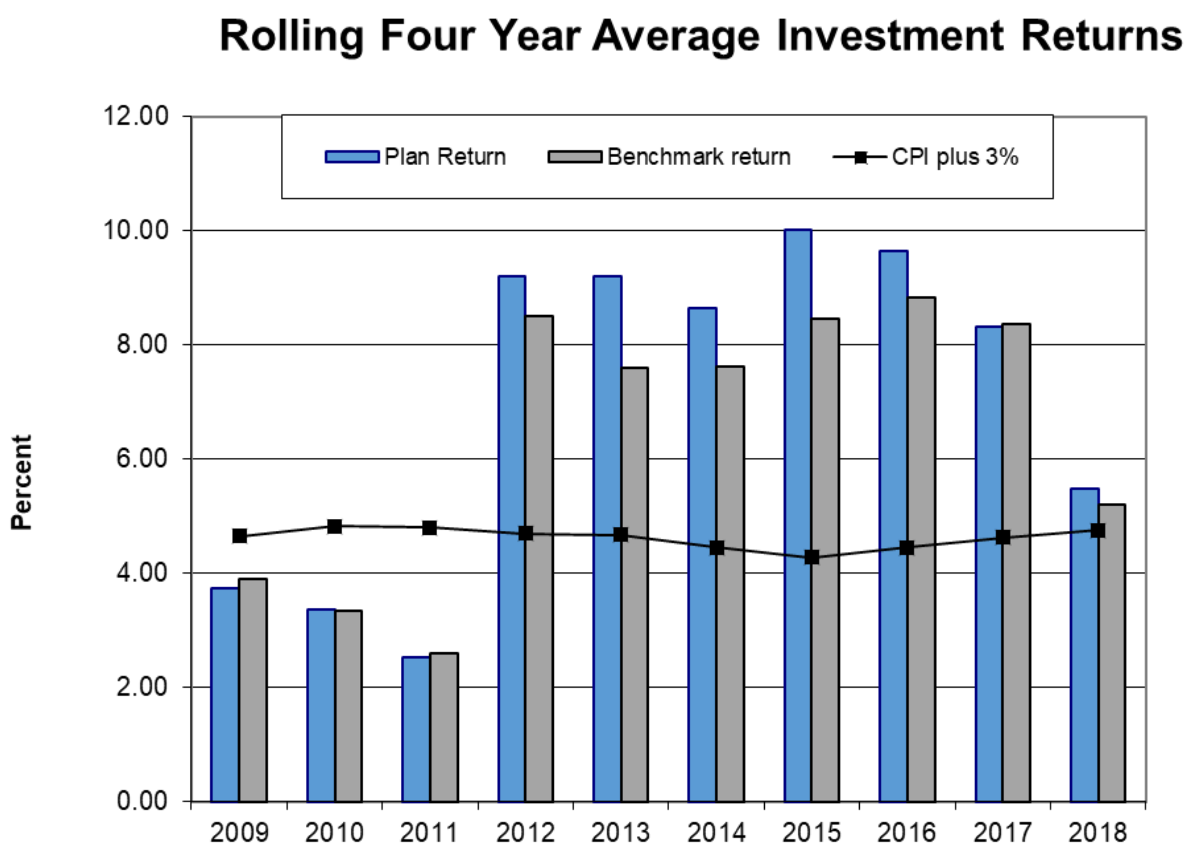
Benchmark performance 5.0%



BIA Balanced Fund Performance Summary

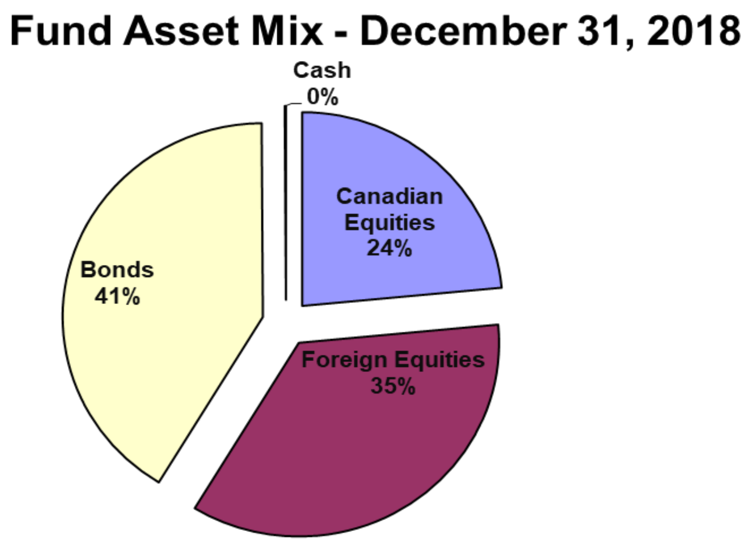
For the Period Ending December 31, 2018

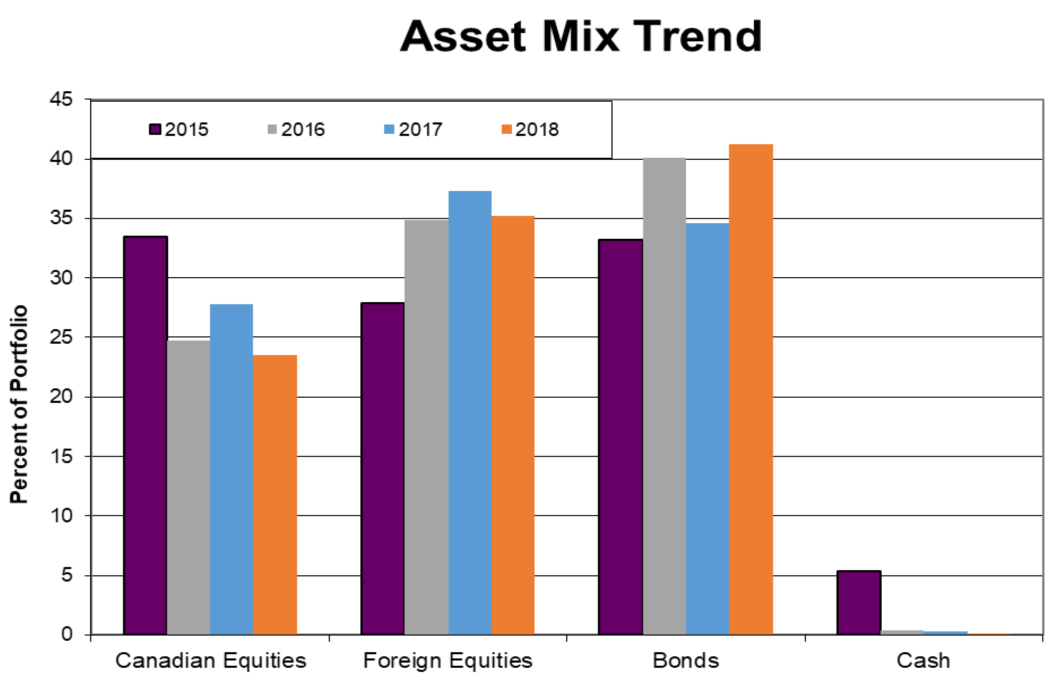
Top quartile (12 months)	-1.6%
Median (12 months)	-2.8%
BU Retirement Plan (12 months)	-2.4%
Top quartile (4 year rolling)	4.7%
Median (4 year rolling)	4.5%
BU Retirement Plan (4 year rolling)	5.3%



The investment mix of the Brandon University Retirement Plan is established by the investment manager based on market expectations within guidelines authorized by the Trustees of the Plan. On December 31, 2018 the asset mix and the annual performance in each sector follows:

	% of Portfolio	12 month Portfolio return	12 month Benchmark return
Canadian Equities	23.5%	-9.6%	-8.9%
Foreign Equities	35.3%	-0.8%	0.4%
Bonds	41.2%	0.2%	1.4%
Cash	0.0%	1.6%	2.1%
TOTAL FUND	100.0%	-2.4%	-2.4%





Appendix A — Draft Independent Auditor's Report

To the Legislative Assembly of Manitoba
To the Board of Trustees of the Brandon University Retirement Plan

Opinion

We have audited the financial statements of the Brandon University Retirement Plan, which comprise the statement of financial position as at December 31, 2018, the statements of changes in net assets available for benefit and changes in pension obligations for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Brandon University Retirement Plan as at December 31, 2018, and the changes in its net assets available for benefits and changes in its pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Brandon University Retirement Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Brandon University Retirement Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate the Brandon University Retirement Plan or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Brandon University Retirement Plan's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Brandon University Retirement Plan's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Brandon University Retirement Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Brandon University Retirement Plan to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Office of the Auditor General
Winnipeg, Manitoba
Date

Responsibility for Financial Reporting

The Board of Trustees of the Brandon University Retirement Plan is responsible for the preparation and presentation of the financial statements and the accompanying notes. The Board of Trustees relies upon the accounting and financial systems established by Brandon University. The financial statements are prepared in conformity with the accounting policies noted in the financial statements, and are reviewed and approved by the Board of Trustees of the Brandon University Retirement Plan. An independent financial auditor whose opinion is included herein examines the statements.

To fulfil its responsibility, Brandon University maintains internal control systems to provide reasonable assurance that relevant and reliable financial information is produced.

Dr. Todd Fugleberg, PhD
Chair, Board of Trustees
Brandon University Retirement Plan

Scott J. B. Lamont, FCPA, FCGA, MBA
Vice-President (Administration & Finance)
Brandon University

June 6, 2019

BRANDON UNIVERSITY RETIREMENT PLAN

Statement of Financial Position
as at December 31, 2018

	2018	2017
ASSETS		
Accounts receivable	$ 873,964	$ 528,881
Investments (Note 2 b)		
Cash and short-term investments		385,658
Bonds and debentures	72,351,575	64,052,315
Canadian equities	41,330,254	51,457,904
Foreign equities	61,843,955	69,052,969
	175,525,784	184,948,846
Total Assets	176,399,748	185,477,727
LIABILITIES		
Accounts payable	126,115	43,918
Total Liabilities	126,115	43,918
Net assets available for benefits	**176,273,633**	**185,433,809**
Pension obligations	**182,345,000**	**177,602,000**
Plan surplus (deficit) (going concern basis)	**$ (6,071,367)**	**$ 7,831,809**

The accompanying notes are an integral part of the financial statements.

BRANDON UNIVERSITY RETIREMENT PLAN

Statement of Changes in Net Assets Available for Benefits
for the year ended December 31, 2018

	2018	2017
CONTRIBUTIONS		
Members	$ 2,314,296	$ 2,322,506
University	3,133,314	3,037,727
University special payments (Note 9)	156,000	664,000
Transfers from other plans	53,355	30,681
	5,656,965	6,054,914
OTHER INCOME		
Investment income		
Interest	2,502,182	2,572,481
Dividends	2,291,614	2,848,717
	4,793,796	5,421,198
Change in fair value		
Realized	5,172,202	11,148,570
Unrealized	(14,227,750)	2,756,720
	(9,055,548)	13,905,290
Other income	7	229
Total Increase in Net Assets	1,395,220	25,381,631
PAYMENTS		
Benefit payments		
Retirements	8,683,502	8,039,812
Refunds	837,840	238,395
Deaths	155,733	880,835
	9,677,075	9,159,042
Administrative expenses		
Actuarial and consulting fees	108,365	73,242
Custodian and plan administration fees	175,775	171,302
Legal and audit fees	9,379	9,210
Investment management fees	595,489	496,114
Trustee expenses	380	866
GST rebate	(11,067)	(9,438)
	878,321	741,296
Total Decrease in Net Assets	10,555,396	9,900,338
Net Increase (Decrease) in Assets Available for Benefits	**(9,160,176)**	**15,481,293**
Net Assets Available For Benefits, beginning of year	**185,433,809**	**169,952,516**
Net Assets Available For Benefits, end of year	**$ 176,273,633**	**$ 185,433,809**

The accompanying notes are an integral part of the financial statements.

BRANDON UNIVERSITY RETIREMENT PLAN

Statement of Changes in Pension Obligations
for the year ended December 31, 2018

	2018	2017
Interest accrued on benefits	$ 9,735,000	$ 9,473,000
Transfers	53,000	31,000
Benefits accrued	5,241,000	5,338,000
Benefits paid	(9,677,000)	(9,159,000)
Experience (gain)/loss	(609,000)	(662,000)
Net Change in Pension Obligations	**4,743,000**	**5,021,000**
Pension Obligations, beginning of the year	**177,602,000**	**172,581,000**
Pension Obligations, end of year	**$ 182,345,000**	**$ 177,602,000**

The accompanying notes are an integral part of the financial statements.

BRANDON UNIVERSITY RETIREMENT PLAN

Notes to the Financial Statements
for the year ended December 31, 2018

1. Description of the Plan

The following description of the Brandon University Retirement Plan is only a summary. More complete information is contained in the official Plan document.

a) General

The Brandon University Retirement Plan is a final average contributory defined benefit pension plan established April 1, 1974 for the benefit of the employees of Brandon University. The assets of the Plan are held in trust in the name of ten Trustees - eight elected by and from the Plan membership and two appointed by the Board of Governors. The Trustees oversee the administration of the Plan and set forth the investment guidelines. Their obligations and responsibilities are defined in a trust agreement with Brandon University. An asset manager invests the Plan assets based on the approved investment guidelines and according to the terms of the Managed Account Agreement. The Plan is registered with the Pension Commission of Manitoba and meets the requirements of the Pension Benefits Act of Manitoba and the Income Tax Act (Canada).

b) Membership

Unless otherwise stated, all Brandon University employees are eligible to become members of the Plan on their date of employment. Full-time and certain part-time employees are required to join the Plan. Membership is optional for other part-time and certain specified employees.

c) Funding

The Plan receives its funds from:

i) The contributions of members - Members of the University are each required to contribute at the rate of 8.0% of salary up to the Year's Basic Earnings (YBE), 6.2% between the YBE and the Year's Maximum Pensionable Earnings (YMPE) and 8.0% in excess of the YMPE. Members contribute only on the amount earned up to the Year's Maximum Contributory Earnings.
ii) The required and special contributions of the University - The University is required to contribute at the rate of 8.0% of salary up to the YBE, 6.2% between the YBE and the YMPE and 8.0% in excess of the YMPE with no salary limitations applied, plus any special payments for the unfunded liability required under the Pension Benefits Act of Manitoba.
iii) the income from investments

An actuarial valuation is performed at least once every three years to determine the adequacy of the funding for pension benefits (see note 2g).

d) Plan Benefits

The Plan provides for the payment of benefits to a member upon retirement, death, or termination of employment with Brandon University.

At retirement, the member is entitled to an annual pension equal to 2% of final average earnings multiplied by the member's years of credited service less 0.6% of CPP average earnings multiplied by the member's years of service since January 1, 1990. Final average earnings are the average of the best 5 years earnings

BRANDON UNIVERSITY RETIREMENT PLAN

Notes to the Financial Statements
for the year ended December 31, 2018

in the last 12 years prior to retirement. CPP average earnings are the member's average earnings up to the YMPE in the 5 years prior to retirement. Full benefits are payable (a) upon normal retirement; (b) upon early retirement for members who qualify. Reduced benefits are provided to members who retire early and do not qualify for full benefits.

Pensions are increased automatically on July 1 of each year by the amount the net four-year geometric average investment return on the fund, as determined by the actuary, exceeds 6.0% per annum, subject to a maximum increase of CPI for the previous year.

Death and termination benefits are based on the value of the member's pension as determined by the Plan Administrator at the time of death or termination of employment. The options available to beneficiaries and terminating members are outlined in the official Plan document.

2. Significant Accounting Policies

a) General

The Brandon University Retirement Plan prepares its financial statements in accordance with Canadian accounting standards for pension plans. The Plan has adopted Part II (Private Enterprises) accounting standards for all accounting policies that do not relate to the valuation of the investment portfolio or pension obligations.

b) Financial Instruments

The financial instruments of the Plan consist of accounts receivable, investments, and accounts payable. The Plan recognizes and derecognizes all financial assets and liabilities in accordance with Financial Instruments, Section 3856, of Part II of the CPA Canada Handbook.

Initially, all financial assets and liabilities are recorded at fair value on the Statement of Financial Position. Subsequent measurement is determined by the classification of each financial asset and liability. Investments assets and liabilities are measured at fair value based on International Financial Reporting Standards (IFRS 13) with the change in fair value recognized in the Statement of Changes in Net Assets Available for Benefits. Financial instruments classified as accounts receivable and accounts payable are measured at amortized cost using the effective interest method.

Investments are recorded at market value on a trade date basis.

Fair values of investments (including the underlying assets of investments held in pooled funds) are determined as follows:

Fixed Income:
Short-term investments are recorded at cost which approximates market value. Bonds and debentures are valued at market by an independent securities valuation company.
Equity:
Publicly traded securities are recorded at year end market prices.

BRANDON UNIVERSITY RETIREMENT PLAN

Notes to the Financial Statements
for the year ended December 31, 2018

c) Investment Income

Dividend income is recognized on the ex-dividend date and interest income is recognized on the accrual basis as earned.

d) Foreign Currency Translation

The fair value of investments denominated in foreign currencies is translated into Canadian dollars at the exchange rate in effect at year end and the resulting change is included in the change in fair value of investments. Revenue and expense transactions are translated at the exchange rates prevailing on the dates of the transactions and are included in investment income or the change in fair value of investments (realized gains or losses) at the translated amounts.

e) Contributions

Contributions from the members and the University are recorded on an accrual basis. Cash received from members as transfers from other pension plans is recorded when received.

f) Use of Estimates

Preparation of the financial statements requires management to make estimates and assumptions that primarily affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of changes in net assets available during the year. Actual results could differ from these estimates.

g) Pension Obligations

The pension obligations of the Brandon University Retirement Plan are the actuarial present value of accrued pension benefits determined by applying the best estimate assumptions and the projected benefit method prorated on services.

3. Financial Risk Management

Management of investments is governed by the managed account agreement between the Brandon University Retirement Plan and Connor, Clark & Lunn Management Ltd. The investment management objective of the Plan is to maximize the long-term total return while protecting the capital value of the fund from major market fluctuations through prudent management of asset allocation and prudent selection of investments. The investment manager is to attain an average rate of return of 3% over the CPI increase for the same period.

The Plan’s investments are publicly traded.

There have been no substantive changes in the Plan’s exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from the previous period unless otherwise stated in this note.

BRANDON UNIVERSITY RETIREMENT PLAN

Notes to the Financial Statements
for the year ended December 31, 2018

a) Market Risk

Market risk is the risk the value of an investment will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to an individual investment or volatility in interest rates, foreign currencies or other factors affecting similar securities traded in the market.

The Plan's cash and investments, including investments denominated in foreign currencies, are reported in Canadian dollars as follows:

	(in thousands of dollars)			
	2018		**2017**	
Canadian cash and short-term investments	$ -	- %	$ 386	0.2 %
Canadian bonds	72,352	41.2 %	64,052	34.6 %
Canadian equities	41,330	23.5 %	51,458	27.9 %
	113,682	64.7 %	115,896	62.7 %
US equities	26,101	14.9 %	30,018	16.2 %
Non-North American equities	35,743	20.4 %	39,035	21.1 %
	$ 175,526	100.0 %	$ 184,949	100.0 %

i) Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The value of the Plan's fixed income investments is directly affected by changes in nominal and real interest rates. There are guidelines in the managed account agreement for the fixed income investment portfolio related to permitted investments, diversification, and quality, and duration management which are designed to mitigate the risks of interest rate volatility.

Duration is the most common measure used to quantify the impact of changes in bond prices due to change in interest rates. Using this measure it is estimated that a one percent increase or decrease in interest rates, with all other variables held constant, would result in a change in fair value on Canadian bonds of 14.31% or $10,352,714 (2017 - 14.26% or $9,135,803).

ii) Currency risk is the risk that the value of non-Canadian investments measured in Canadian dollars will fluctuate due to changes in foreign exchange rates primarily related to foreign equity holdings. In some instances, forward foreign exchange contracts are used to manage currency exposure in connection with securities purchased in foreign currency. Forward foreign exchange contracts are contractual agreements that establish an agreed upon exchange rate at a settlement date in the future for the purpose of protecting future cash flows from adverse price movements.

A 10 percent increase or decrease in exchange rates, with all other variables held constant, would result in a change in unrealized gains/(losses) of $6,184,395 (2017 - $6,905,297). Generally when there is a 10% strengthening (weakening) of the Canadian dollar versus the corresponding currency, there would be a 10% decrease (increase) in the value of the corresponding country's portion of the portfolio from this currency movement.

BRANDON UNIVERSITY RETIREMENT PLAN

Notes to the Financial Statements
for the year ended December 31, 2018

iii) Other price risk is the risk that the fair value or future cash flows from portfolio holdings fluctuate because of changes generally, in market prices, other than those arising from interest rate risk or currency risk or as a result of a deterioration in the outlook for a specific issuer. To manage its price risk arising from investments in equity securities, by policy, the portfolio is well diversified. The managed account agreement sets out the limits of investments in any one security as well as concentration within market sectors.

The Plan's target asset allocation based on fair value is:

Fixed income	35 %
Canadian equity	35 %
Foreign equity	25 %
Cash	5 %

Total exposure to equities is to be no less than 35% of the Pension Fund and no more than 70% of the Pension Fund.

b) Liquidity Risk

Liquidity risk is the risk that the Plan will encounter difficulty in having available sufficient funds to meet its commitments as they come due. It is the Pension Plan’s policy to ensure that it will have sufficient cash and short-term investments to allow it to meet its liabilities when they come due.

The term to maturity and the related market values of bonds and debentures are as follows:

	(in thousands of dollars) 2018	2017
Term to Maturity		
Less than one year	$ 1,097	$ 1,187
One to five years	5,754	972
Over five years	65,501	61,893
Total bonds and debentures	$ 72,352	$ 64,052

c) Credit Risk

Credit risk arises from the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Credit risk is the risk the issuer of the debt security or a counter party to a derivative contract is unable to meet its financial obligation. Credit risk encompasses the risk of a deterioration of credit worthiness and concentration risk. The Plan limits credit risk through a managed account agreement with its investment manager that details the specific quality and concentration constraints.

At December 31, 2018, the Plan's maximum credit risk exposure related to cash and short-term investments and bonds and debentures is $72,351,575 (2017 - $64,437,973), and accounts receivable is $873,964 (2017 - $528,881). The Plan limits credit risk by acquiring high quality securities and following the managed account agreement. The managed account agreement establishes limits for ownership of investments and acceptable credit ratings. In the case of bonds and debentures, all must be rated BBB or higher.

BRANDON UNIVERSITY RETIREMENT PLAN

Notes to the Financial Statements
for the year ended December 31, 2018

The breakdown of the fixed income investment portfolio by credit rating from various rating agencies are as follows:

	(in thousands of dollars)			
	2018		**2017**	
Bonds and debentures investments				
Credit Rating				
AAA	$ 14,937	20.6 %	$ 9,939	15.5 %
AA	37,238	51.5 %	31,967	49.9 %
A	13,142	18.2 %	14,019	21.9 %
BBB	7,035	9.7 %	8,127	12.7 %
	72,352	100.0 %	64,052	100.0 %
Cash and short-term investments	-		386	
	$ 72,352		$ 64,438	

4. **Capital Management**

The capital of the Brandon University Retirement Plan is comprised of the net assets available for benefits. The combined assets of the Plan are held in the name of the Trustees of the Plan as described in Note 1 a).

The Trustees, as the administrators of the Plan, on behalf of Brandon University, have developed appropriate risk management strategies, as described in Note 3, to preserve the net assets available for benefits. In accordance with the provisions of The Pension Benefits Act of the Province of Manitoba and the provisions of the Income Tax Act (Canada) a Statement of Investment Policies and Procedures (SIPP) has been established. The SIPP states the investment objectives and investment guidelines by class of investment. The objective when managing capital is to maximize the long-term total return through prudent selection of investments in compliance with the investment rules under the respective federal and provincial Pension Benefits Acts.

There have been no significant changes to the University's capital management objectives, policies and processes in the year nor have there been any changes in what the Trustees consider to be the Plan's capital. The Pension Plan has complied with externally imposed capital requirements during the year.

5. **Fair Value Measurement**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurements are based on the assumptions that market participants would use when pricing the item being measured under current market conditions, including assumptions about risk.

The Plan uses a fair value hierarchy under which the inputs to valuations techniques used to measure fair value are categorized into three levels. They are as follows:

Level 1: Inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities the Plan can access at the measurement date.
Level 2: Inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (prices) or indirectly (derived from prices).

BRANDON UNIVERSITY RETIREMENT PLAN

Notes to the Financial Statements
for the year ended December 31, 2018

Level 3: Inputs are unobservable inputs for the asset or liability.

(in thousands of dollars)

	2018			2017		
	Level 2	Level 3	Total	Level 2	Level 3	Total
Cash	$ -	-	$ -	$ 19	-	$ 19
Short-term investments	-	-	-	366	-	366
Bonds and debentures	72,352	-	72,352	64,052	-	64,052
Canadian equities	41,330	-	41,330	51,458	-	51,458
Foreign equities	61,844	-	61,844	69,053	-	69,053
	$ 175,526	$ -	$ 175,526	$ 184,948	$ -	$ 184,948

6. Investments

Section 3.29 of the Pension Benefits Act Regulations requires disclosure of each investment that has a fair value greater than 1% of the fair value of all investments. The investments, including pooled funds, are as follows:

		2018
Bonds and debentures:		
Connor, Clark & Lunn Long Bond Fund Class A	$	68,529,167
Connor, Clark & Lunn High Yield Bond Fund I	$	3,822,408
Canadian equities:		
Connor, Clark & Lunn Q Equity Extension I	$	13,788,321
PCJ Canadian Equity Fund	$	13,761,140
SRA Canadian Equity Fund	$	13,780,793
US equities:		
Connor, Clark & Lunn Q US Equity Fund	$	26,101,276
Non-North American equities:		
NS Partners Int'l Equity Fund A	$	26,881,677
Connor, Clark & Lunn Emerging Markets Equity	$	8,861,003

7. Actuarial Valuation

The actuarial present value of accrued pension benefits was determined using the accrued benefit method prorated on service and using assumptions recommended by the actuary and approved by the Trustees. An actuarial valuation was prepared as at December 31, 2016 and extrapolated to December 31, 2017 by Eckler Ltd., a firm of consulting actuaries. Those results provide the present value of accrued pension benefits as at December 31, 2017 and accruing cost in 2018. A second actuarial valuation was prepared by Eckler Ltd. as at December 31, 2018 to determine the present value of accrued and pension benefits as at December 31, 2018. The valuation as at December 31, 2018 has not yet been filed with Manitoba's Office of the Superintendent - Pension Commission.

BRANDON UNIVERSITY RETIREMENT PLAN

Notes to the Financial Statements
for the year ended December 31, 2018

The assumptions used in determining the actuarial value of accrued pension benefits were developed by reference to expected long-term market conditions. Significant actuarial assumptions used in the valuations were:

	2018	2017
Rate of return on investments	5.55 %	5.55 %
Rate of general wage increase	3.00 %	3.00 %
Average rate of salary increase	3.00 % for increases in general wage growth plus a merit and promotion component *, if applicable	3.00 % for increases in general wage growth plus a merit and promotion component*, if applicable
Post retirement cost of living increase	0.75 %	0.75 %
Mortality rate	RPP 2014 Public Sector with Mortality Table (CPM-RPP2014Publ) with full generational improvements in mortality using CPM improvement Scale B (CPM-B)	RPP 2014 Public Sector with Mortality Table (CPM-RPP2014Publ) with full generational improvements in mortality using CPM improvement Scale B (CPM-B)

*Salaries are assumed to increase in accordance with general wage increases in Canada at the rate of 3.0% per year for all members.

Salaries for Academic and Non-union plan members are assumed to increase by an additional merit and promotion component in accordance with the following table:

Age	Average Annual Increase over next 5 years	Average Annual Increase to age 65
30	3.3%	2.3%
35	2.8%	2.2%
40	2.5%	2.0%
45	2.2%	1.9%
50	2.0%	1.8%
55	1.8%	1.7%
60	1.7%	1.7%

The actuarial value of net assets available for pension benefits has been determined reflecting long-term market trends (consistent with the assumptions underlying the valuation of accrued pension benefits). The valuation is based on a four year moving average market method with the market value being the underlying basis. The market value is adjusted by amortizing over a four year period the differences in each year between the fund's actual return and the long term expected return applicable for that year. The long term expected returns on plan assets for the smoothing period was 5.65% in 2015, 5.55% in 2016, 5.55% in 2017, and 5.55% in 2018. However, the excess of the actuarial value over the market value, positive or negative, is limited to 5%.

BRANDON UNIVERSITY RETIREMENT PLAN

Notes to the Financial Statements
for the year ended December 31, 2018

The actuarial value of net assets as at December 31 were:

	2018	2017
Market value of net assets available for pension benefits	$ 176,274,000	$ 185,434,000
Market value of changes not reflected in the actuarial value of net assets	5,932,000	(8,142,000)
Actuarial value of net assets available for pension benefits	$ 182,206,000	$ 177,292,000
Actuarial value as a percentage of market value	103.4 %	95.6 %

The next required valuation of the Plan will be as at December 31, 2019 and will be completed in 2020.

8. Election for Exemption from Special Payments

The Brandon University Retirement Plan is subject to the Manitoba Pension Benefits Act and Regulations. The University Pension Plans Exemption Regulation 141/2007 allowed the University to make an election to be exempt from solvency and transfer deficiency payments. "2(1) An employer in relation to a university plan may, by filing a written election with the plan administrator, elect to be exempt from the solvency and transfer deficiency provisions."

On January 19, 2009 the University filed such an election.

With the exemption, the Plan will continue to be subject to the going-concern funding provisions of the Act.

9. Going-Concern Deficit Funding

An actuarial valuation performed by the Plan's actuary, Eckler Ltd., to determine the Plan's funding status as required by the Pension Benefits Act of Manitoba, is being prepared as at December 31, 2018 and will be filed with the Manitoba's Office of the Superintendent - Pension Commission in 2019. The results of that valuation are presented in these financial statements.

The actuarial valuation indicates an actuarial deficit of $139,000 as at December 31, 2018 using the accrued benefit method. The valuation is based on actuarial assumptions with regard to demographics, rate of return on investments and salary increases to compare the Plan's actuarial assets with its actuarial liabilities

The University will be required to fund the matching contributions, as well as the actuarial cost of the defined benefits in excess of the matching costs. A funding deficit is required to be funded over a maximum period of 15 years. The existing funding deficit will be funded over 8 years. Special payments totaling $21,000 will be made in 2019 (2018- $156,000).

10. Contributed Services

Brandon University provides staff and miscellaneous administrative services at no charge to the Plan. The cost of these services is not reflected in the Financial Statements.

11. Comparative Figures

Comparative figures for the year ended December 31, 2017 have been reclassified where necessary to conform with the presentation adopted for the year ended December 31, 2018.

BRANDON UNIVERSITY
BOARD RESOLUTION

RE: AMENDMENT NO. 19/01 TO THE BRANDON UNIVERSITY RETIREMENT PLAN (hereinafter referred to as the "Plan")

WHEREAS Brandon University (hereinafter referred to as the "University") has established the Plan effective April 1, 1974,

AND WHEREAS the University wishes to correct the member contribution rate for members receiving benefits from the Long-Term Disability Plan to reflect the plan changes made in Amendment 08/01,

AND WHEREAS the University wishes to define the pension payable to a terminated Member who is entitled to a Deferred Pension and who commences his pension after his Normal Pension Commencement Date,

AND WHEREAS the University wishes to amend the Plan for miscellaneous clarifications, omissions, and updates required to maintain compliance with administrative practice, and to comply with the Regulations under the Income Tax Act, and

AND WHEREAS Paragraph 14.1 permits the University to amend the Plan.

Therefore, the Plan document is amended effective January 1, 2019 as follows:

1. The following new paragraph 1.22 shall be added to Article 1 immediately after paragraph 1.21 and all following paragraphs under Article 1 shall be renumbered accordingly:

   "1.22 "Pensioner" means a person receiving a pension from the Plan being a Member who has retired from the University or the surviving Spouse of such a Member who has since died and is in receipt of a survivor pension."

2. All occurrences of "pensioner" throughout the Plan document shall hereby be deleted and replaced with "Pensioner".

3. Paragraph 1.27 is hereby deleted in its entirety and replaced with the following:

   "1.27 "Temporary/Casual Employee" means an Employee other than

   (i) a Regular Employee, or

   (ii) an Employee who is a student on a substantially full-time basis, or

   (iii) an Employee who is hired on a sessional basis and is already a member of a registered pension plan and accruing benefits as an active member in that plan on a substantially full-time basis."

~~3.~~4. Paragraph 2.1 is hereby deleted in its entirety and replaced with the following:

"2.1 Eligibility

Each Regular Employee or Temporary/Casual Employee shall be eligible to join the Plan on the date his employment commences."

~~4.~~5. Paragraph 2.8 is hereby deleted in its entirety and replaced with the following:

"2.8 Eligibility for Pensioners

A Member who has retired from the University and is in receipt of pension benefits from the Plan and has subsequently returned to work for the University is not eligible to join the Plan unless the Member agrees to the suspension of payment of pension benefits until subsequent termination of employment, or the end of the year in which he attains age 71 if earlier, or such other age as prescribed by the Income Tax Act.

For greater clarity, this paragraph does not apply with respect to a pension that is paid to a surviving spouse."

~~5.~~6. Paragraph 3.1(c) is hereby deleted in its entirety and replaced with the following:

"3.1 Required Contributions

(c) A Member who is receiving benefits from the Long-Term Disability Plan of the University shall not be required to contribute to the Plan, but such Disability Plan shall pay contributions to the Plan on behalf of the Member at the rates outlined in sub-paragraph 3.1(a)."

~~6.~~7. Paragraph 8.1(a) is hereby deleted in its entirety and replaced with the following:

"8.1 Normal Form

(a) Where the Member who has an Eligible Spouse at retirement and who has made contributions in accordance with Paragraph 3.1 at any time after November 9, 2008 dies after commencement of pension payment, payments shall continue for the lifetime of that Eligible Spouse, if living, at 66 2/3% of the pension payable to the Member."

~~7.~~8. Paragraph 10.2(f) and 10.2(g) are hereby added immediately following 10.2(e):

"10.2 Adjustments to Deferred Pensions

(f) If a Member dies prior to pension commencement, and the date of death of the Member was at least one year before the start of the current calendar year, and the Eligible Spouse of the deceased Member has elected to receive a deferred pension in accordance with paragraph 9.1, the increase in the deferred pension shall be at the same rate as determined in accordance with Paragraph 7.3(b).

(g) If a Member dies prior to pension commencement, and the date of death of the Member was within the calendar year immediately preceding the current calendar year, and the Eligible Spouse of the deceased Member has elected to receive a deferred pension in accordance with paragraph 9.1, the increase in the deferred pension shall be at the same rate as determined in accordance with Paragraph 7.3(c)."

~~8.~~9. Paragraph 10.11 is hereby deleted in its entirety and replaced with the following:

"10.11 Re-employment

A Member, whose employment with the University terminates and who is subsequently re-employed by the University within five years of his termination date and again joins the Plan, shall be entitled to a pension based on all his years of Credited Service provided that on his initial termination he did not receive any refund in accordance with this Article 10."

~~9.~~10. The following new paragraph 10.13 shall be added to Article 10 immediately after paragraph 10.12 and all following paragraphs under Article 10 shall be renumbered accordingly:

"10.13 Late Commencement of Deferred Pension

If the Deferred Pension commences after the Member's Normal Pension Commencement Date, the pension payable shall be the Actuarial Equivalent of the Deferred Pension that would have been payable if the Member had commenced his pension at his Normal Pension Commencement Date.

~~10.~~11. Paragraph 15.1 is hereby deleted and replaced with the following:

"15.1 At Pension Commencement

On the commencement of his pension a Member may receive his Additional Voluntary Contribution Account

(a) in a lump sum, or

(b) as a pension in any of the forms indicated in Article 8 by the purchase of an annuity from an Insurer, or

(c) as an increase to the Basic Pension under Paragraph 7.1 as determined by the Actuary, or

(~~c~~d) any combination of (a) or (b).

Alternatively, he may leave them in the Fund to be paid at a later date, which must be prior to the end of the calendar year in which the Member attains age 71, or such other age as prescribed by the Income Tax Act."

CERTIFIED to be a true copy of a resolution passed by the Board of Governors of the University on the

________________day of ____________________________, ___________

____

BRANDON UNIVERSITY
BOARD RESOLUTION

RE: AMENDMENT NO. 19/01 TO THE BRANDON UNIVERSITY RETIREMENT PLAN (hereinafter referred to as the "Plan")

WHEREAS Brandon University (hereinafter referred to as the "University") has established the Plan effective April 1, 1974,

AND WHEREAS the University wishes to correct the member contribution rate for members receiving benefits from the Long-Term Disability Plan to reflect the plan changes made in Amendment 08/01,

AND WHEREAS the University wishes to define the pension payable to a terminated Member who is entitled to a Deferred Pension and who commences his pension after his Normal Pension Commencement Date,

AND WHEREAS the University wishes to amend the Plan for miscellaneous clarifications, omissions, and updates required to maintain compliance with administrative practice, and to comply with the Regulations under the Income Tax Act, and

AND WHEREAS Paragraph 14.1 permits the University to amend the Plan.

Therefore, the Plan document is amended effective January 1, 2019 as follows:

1. The following new paragraph 1.22 shall be added to Article 1 immediately after paragraph 1.21 and all following paragraphs under Article 1 shall be renumbered accordingly:

   "1.22 "Pensioner" means a person receiving a pension from the Plan being a Member who has retired from the University or the surviving Spouse of such a Member who has since died and is in receipt of a survivor pension."

2. All occurrences of "pensioner" throughout the Plan document shall hereby be deleted and replaced with "Pensioner".

3. Paragraph 1.27 is hereby deleted in its entirety and replaced with the following:

   "1.27 "Temporary/Casual Employee" means an Employee other than

   (i) a Regular Employee, or

   (ii) an Employee who is a student on a substantially full-time basis, or

   (iii) an Employee who is hired on a sessional basis and is already a member of a registered pension plan and accruing benefits as an active member in that plan on a substantially full-time basis."

4. Paragraph 2.1 is hereby deleted in its entirety and replaced with the following:

"2.1 Eligibility

Each Regular Employee or Temporary/Casual Employee shall be eligible to join the Plan on the date his employment commences."

5. Paragraph 2.8 is hereby deleted in its entirety and replaced with the following:

"2.8 Eligibility for Pensioners

A Member who has retired from the University and is in receipt of pension benefits from the Plan and has subsequently returned to work for the University is not eligible to join the Plan unless the Member agrees to the suspension of payment of pension benefits until subsequent termination of employment, or the end of the year in which he attains age 71 if earlier, or such other age as prescribed by the Income Tax Act.

For greater clarity, this paragraph does not apply with respect to a pension that is paid to a surviving spouse."

6. Paragraph 3.1(c) is hereby deleted in its entirety and replaced with the following:

"3.1 Required Contributions

(c) A Member who is receiving benefits from the Long-Term Disability Plan of the University shall not be required to contribute to the Plan, but such Disability Plan shall pay contributions to the Plan on behalf of the Member at the rates outlined in sub-paragraph 3.1(a)."

7. Paragraph 8.1(a) is hereby deleted in its entirety and replaced with the following:

"8.1 Normal Form

(a) Where the Member who has an Eligible Spouse at retirement and who has made contributions in accordance with Paragraph 3.1 at any time after November 9, 2008 dies after commencement of pension payment, payments shall continue for the lifetime of that Eligible Spouse, if living, at 66 2/3% of the pension payable to the Member."

8. Paragraph 10.2(f) and 10.2(g) are hereby added immediately following 10.2(e):

"10.2 Adjustments to Deferred Pensions

(f) If a Member dies prior to pension commencement, and the date of death of the Member was at least one year before the start of the current calendar year, and the Eligible Spouse of the deceased Member has elected to receive a deferred pension in accordance with paragraph 9.1, the increase in the deferred pension shall be at the same rate as determined in accordance with Paragraph 7.3(b).

(g) If a Member dies prior to pension commencement, and the date of death of the Member was within the calendar year immediately preceding the current calendar year, and the Eligible Spouse of the deceased Member has elected to receive a deferred pension in accordance with paragraph 9.1, the increase in the deferred pension shall be at the same rate as determined in accordance with Paragraph 7.3(c)."

9. Paragraph 10.11 is hereby deleted in its entirety and replaced with the following:

"10.11 Re-employment

A Member, whose employment with the University terminates and who is subsequently re-employed by the University within five years of his termination date and again joins the Plan, shall be entitled to a pension based on all his years of Credited Service provided that on his initial termination he did not receive any refund in accordance with this Article 10."

10. The following new paragraph 10.13 shall be added to Article 10 immediately after paragraph 10.12 and all following paragraphs under Article 10 shall be renumbered accordingly:

"10.13 Late Commencement of Deferred Pension

If the Deferred Pension commences after the Member's Normal Pension Commencement Date, the pension payable shall be the Actuarial Equivalent of the Deferred Pension that would have been payable if the Member had commenced his pension at his Normal Pension Commencement Date.

11. Paragraph 15.1 is hereby deleted and replaced with the following:

"15.1 At Pension Commencement

On the commencement of his pension a Member may receive his Additional Voluntary Contribution Account

(a) in a lump sum, or

(b) as a pension in any of the forms indicated in Article 8 by the purchase of an annuity from an Insurer, or

(c) as an increase to the Basic Pension under Paragraph 7.1, or

(d) Any combination of (a) or (b).

Alternatively, he may leave them in the Fund to be paid at a later date, which must be prior to the end of the calendar year in which the Member attains age 71, or such other age as prescribed by the Income Tax Act."

CERTIFIED to be a true copy of a resolution passed by the Board of Governors of the University on the

_______________day of __________________________, __________

____

This Amended and Restated Trust Agreement (this "Agreement") made effective the ________ day of ____________, 2019,

Deleted: TRUST AGREEMENT

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Deleted: as of

Deleted: 15th

Deleted: August

Deleted: 1991, among:

BRANDON UNIVERSITY

(hereinafter called the "University"),

OF THE FIRST PART,

- and -

A. NOTO, S. CHAMBERS
H. GILLANDER, T. FUGLEBERG
B. LANE, E. RAINE
B. CUVELIER, K. NGUYEN
PSAC MEMBER TBA
M. KOSCHINSKY
K. MACDONALD

Deleted: J. ANDERSON, K. BOWIE,¶
N. BRISTOL, L. DAWSON,¶
W. DOUMA, J. FITZPATRICK,¶
R. GILES, W. PUGH,¶
E. RAINE,¶

in their capacity as
THE PENSION TRUSTEES OF THE BRANDON UNIVERSITY RETIREMENT PLAN

(hereinafter called the "Pension Trustees"),

OF THE SECOND PART.

WHEREAS there currently exists the Brandon University Retirement Plan, which is a retirement plan for employees of the University, a copy of which is attached hereto as Schedule "A" (said plan and amendments thereto hereinafter referred to as the "Plan");

AND WHEREAS the Pension Trustees have been appointed to be the trustees of the Plan;

AND WHEREAS under the Plan, the University and Members of the Plan are required to contribute to a fund established under the provisions of the Plan (the "Fund");

AND WHEREAS the Pension Trustees currently hold the Fund and administer the Plan under the terms of a Trust Agreement made as of the 15th day of August, 1991, as amended by an Amending Agreement made on the 25th day of February, 1999 (herein after referred to as the "Former Trust Agreement"), which amended and restated the original Trust Agreement made the 26th day of January, 1976, as revised and restated on the 23rd day of May, 1986. ;

AND WHEREAS the University and the Pension Trustees agree that it is necessary and advisable to substantially amend the Former Trust Agreement ;

AND WHEREAS the University has the right to amend the whole of the Former Trust Agreement, and the Pension Trustees have consented to the said amendments;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises and of the mutual covenants herein contained, the parties hereto agree and covenant as follows:

ARTICLE I

INTRODUCTION

1.01 The preamble hereto shall form a part of the body of this Agreement and the parties agree that the representations contained therein are true and accurate.

Deleted: dated

Deleted: May 23, 1986

Deleted: (hereinafter referred as "Trust Agreement No. 1")

Deleted: No. 1

Deleted: No. 1

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Review by Pension Trustees:
June 8, 2018
November 27, 2018
February 26, 2019

1.02 The parties hereto agree that this Agreement constitutes an amendment to the whole of the Former Trust Agreement.

Deleted: No. 1

1.03 Upon the execution of this Agreement, the terms of the Former Trust Agreement shall be replaced hereby and such replaced terms shall be of no further force and effect.

Deleted: No. 1

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1.04 From and after the date hereof, the Pension Trustees shall hold the Fund and administer the Plan in accordance with the terms of this Agreement and Plan.

1.05 The Plan is hereby incorporated and forms part of this Agreement. Each party covenants and warrants to fulfill the obligations and duties imposed upon it, him or her by the provisions of the Plan, and each party recognizes and agrees to the rights conferred upon each other party by the provisions of the Plan. The University agrees that it shall provide such information as reasonably requested by the Pension Trustees to ensure the smooth working of the Plan and that, in fulfilling its obligations and duties hereunder and under the Plan, time shall be of the essence.

1.06 The Pension Trustees shall cause the Plan to maintain its registration as a registered pension plan under the Income Tax Act (Canada), and shall cause the Plan to maintain its registration under The Pension Benefits Act of the Province of Manitoba.

1.07 For greater certainty, those words and phrases defined in Article I of the Plan, shall, when used in this Agreement, assume the same meanings unless the context clearly indicates the contrary.

Review by Pension Trustees:
June 8, 2018
November 27, 2018
February 26, 2019

ARTICLE II
ESTABLISHMENT OF FUND

2.01 There has been established a trust fund, being the Fund, into which has been paid and shall continue to be paid, the contributions of the University and Members in the form of money pursuant to and for the purposes of the Plan. Such monies and funds, and the income increments thereto, without distinction between principal and income, shall constitute the Fund for the purposes of the Plan. At no time shall any part of the Fund be used for, or diverted to, purposes other than those pursuant to the terms of the Plan, and the Fund shall be held and used only for the exclusive benefit of the Members, their Eligible Spouses, beneficiaries or estates as provided for in the Plan. No person shall have any financial interest in or right to the Fund or any part thereof, except as expressly provided in the Plan. For purposes of greater certainty, nothing contained in this Paragraph 2.01 shall be construed to override Subparagraph 4.01 (n).

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2.02 The Fund shall be held in trust by the Pension Trustees, who shall invest, administer, manage and keep records of the Fund in accordance with the Plan and this Agreement.

2.03 Each Member or Eligible Spouse or other person who shall claim the right to any payment under the Plan shall be entitled to look only to the Fund for such payment. Subject to applicable governing legislation, the payment of benefits under the Plan shall be a liability of the Fund and not of the University, the Pension Trustees or the Custodian.

2.04 The Fund shall have a fiscal year ending December 31.

2.05 The Fund shall have its principal office at the City of Brandon, in Manitoba.

ARTICLE III
PENSION TRUSTEES

3.01 The Plan shall be administered by eleven (11) Pension Trustees who shall be appointed to be Pension Trustees by the University from the following nominees and appointees:

Deleted: nine

(a) two (2) individuals of its choice shall be appointed by the University;

(b) two (2) individuals shall be nominated by and from the Brandon University Faculty Association;

(c) two (2) individuals shall be nominated by and from the Manitoba Government and General Employees' Union Local 135 at the University;

Deleted: Association

(d) one (1) individual shall be nominated by and from the International Union of Operating Engineers Local 987 A at the University;

Deleted: Unit A or

Deleted: 827

(e) one (1) individual shall be nominated by and from the International Union of Operating Engineers Local 987 D at the University;

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(f) one (1) individual shall be nominated by and from the Public Service Alliance of Canada Local 55601 at the University;

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(g) one (1) pensioner shall be nominated by and from the current group of pensioners; and

(h) one (1) individual shall be nominated by and from the Members of the Plan not belonging to any of the associations or unions at the University which are entitled to nominate one or more Pension Trustees as set forth above.

3.02 It is understood and agreed that the following individuals have been nominated and appointed pursuant to Paragraph 3.01 above for the terms specified directly opposite their names, and are the Pension Trustees for the time being:

(a) A. NOTO - appointed by the University for a term which expires on August 31, 2019

(b) S. CHAMBERS S - appointed by the University for a term which expires on August 31, 2019

(c) H. GILLANDER - nominated by the Brandon University Faculty Association for a term which expires on April 30, 2021

(d) T. FUGLEBERG - nominated by the Brandon University Faculty Association for a term which expires on April 30, 2021

(e) B. LANE - nominated by the Manitoba Government and General Employees' UnionLocal 135 for a term which expires on January 30, 2019

(f) E. RAINE - nominated by the Manitoba Government and General Employees' Union Local 135 for a term which expires on January 31, 2021

Deleted: L. DAWSON

Deleted: December 31, 1993

Deleted: W. PUGH

Deleted: December 31, 1993

Deleted: N. BRISTOL

Deleted: July 31, 1993

Deleted: R. GILES

Deleted: November 30, 1993

Deleted: J. FITZPATRICK

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Deleted: Association

Deleted: October 31, 1993

Deleted: Association

Deleted: October 31, 1993

Review by Pension Trustees:
June 8, 2018
November 27, 2018
February 26, 2019

(g)	B. CUVELIER	-	nominated by the International Union of Operating Engineers Local 987 (A) for a term which expires on April 30, 2020
(h)	K. NGUYEN	-	nominated by the International Union of Operating Engineers Local 987 (D) for a term which expires on September 30, 2021
(i)	VACANT	-	nominated by the Public Service Alliance of Canada Local 55601 for a term which expires on TBA
(j)	M. KOSCHINSKY	-	nominated by the current group of pensioners for a term which expires on October 31, 2020
(k)	K. MACDONALD	-	nominated by non-union Members for a term which expires on October 31, 2020

Deleted: J. ANDERSON

Deleted: Unit A of

Deleted: 827

Deleted: May 31, 1992

Deleted: W. DOUMA

Deleted: Unit B of

Deleted: 827

Deleted: May 31, 1992

Deleted: K. BOWIE

Deleted: non-union Members

Deleted: May 31, 1992

3.03 The term of a Pension Trustee appointed pursuant to Paragraph 3.01 to succeed each appointed Trustee named in Paragraph 3.02 or to replace a Pension Trustee by virtue of Paragraph 3.08 shall be three (3) years.

3.04 A Pension Trustee may be appointed for a second three-year term, however, no Pension Trustee shall serve longer than six (6) consecutive years and shall retire for at least one (1) full year after such consecutive service before being eligible to once more assume the position of Pension Trustee.

3.05 The Pension Trustees, by signing this Agreement and the Acceptance of Trust form attached hereto as Schedule "B", agree to accept the Pension Trusteeship and act in such capacity in accordance with the provisions of this Agreement.

3.06 A Pension Trustee may resign and be fully discharged from all further duty or responsibility by the remaining Pension Trustees by giving no less than ninety (90) days notice in writing to:

(a) the remaining Pension Trustees sent by registered mail to the principal office of the Fund; and

(b) the board, association, particular union or group (hereinafter collectively referred to as the "Representative Body") which appointed or nominated, as the case may be, the Pension Trustee.

Such notice shall state the date such resignation shall take effect, and such resignation shall take effect on such date unless a successor Pension Trustee shall have been appointed or nominated and appointed, at an earlier date, in which event such resignation shall take effect as of the date of the appointment of the successor.

3.07 (a) If in the opinion of the other Pension Trustees any appointed Pension Trustee has failed to perform his duties hereunder in a reasonable manner, which failure may be evidenced, inter alia, by the Pension Trustee's repeated or consecutive absences from Pension Trustees meetings, the other Pension Trustees shall apprise the University and the Representative Body which appointed or nominated the said Pension Trustee of the situation and give them all relevant particulars of the matter.

(b) A Pension Trustee may be removed by the University if such removal is requested by the Representative Body which nominated or appointed the Pension Trustee, or by the University, with cause. The Pension Trustee being removed shall be given thirty

(30) days' written notice, and a copy of the said notice shall be sent by registered mail to the principal office of the Fund.

3.08 In the event that any Pension Trustee shall die, become incapacitated, resign, or be removed, a successor Pension Trustee shall be appointed, or nominated and appointed, to replace the Pension Trustee so deceased, incapacitated, resigning, or removed. Such successor Pension Trustee shall forthwith be appointed or nominated and appointed by the Representative Body which originally appointed, or nominated and appointed, the Pension Trustee being replaced.

Any successor Pension Trustee so appointed shall immediately, upon an Acceptance of Trust form being filed with the Pension Trustees and with the principal office of the Fund, become vested with all the rights, powers and duties of a Pension Trustee under this Agreement.

3.09 In the case of termination of a Pension Trusteeship for whatever reason, until the appointment and acceptance of a successor Pension Trustee, the remaining Pension Trustees shall have full power to act, subject always to the quorum requirements hereinafter provided.

3.10 The Pension Trustees shall meet at least three times per year (the "Required Meetings") and may meet more often, in Brandon, or at such other place designated by the Pension Trustees, on such dates and at such times determined by the Pension Trustees. Reasonable notice of meetings shall be provided to the Pension Trustees.

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One of the required meetings each year shall be designated as the Annual Meeting of the Pension Trustees and at such Annual Meeting of the Pension Trustees, among other things,

(a) a financial statement from the auditors of the Fund shall be presented, covering the immediately preceding fiscal period of the Fund;

(b) the Administrator shall submit a report related to the immediately preceding fiscal period of the Fund.

3.11 The Pension Trustees shall annually appoint one of the Pension Trustees to serve as Chair of their meetings. The Chair shall have the responsibility of ensuring that reasonable notice of the meetings is provided and for making other arrangements as necessary for the holding of the meetings. If the Chair so appointed is not present at any meeting, the Pension Trustees may choose one of their number to serve as Acting Chair for the particular meeting.

3.12 The Pension Trustees shall appoint a recording secretary who shall keep minutes or records of all meetings, proceedings and acts of the Pension Trustees. Such recording secretary need not necessarily be a Trustee. Copies of all such minutes or records shall be forwarded to the University following each meeting of Pension Trustees.

3.13 Six (6) Pension Trustees shall constitute a quorum for a meeting, and the decisions of the Pension Trustees shall be determined by a majority vote of the Pension Trustees present at a meeting. Notwithstanding the foregoing, a resolution in writing signed by all of the Pension Trustees is as valid as if it had been passed at a meeting of Pension Trustees and is effective from the date specified in the resolution.

Deleted: Five (5)

3.14 Any meeting at which a quorum of Pension Trustees is present, where all the Pension Trustees, including any Pension Trustee not present, have waived notice in writing, shall be a valid meeting without the giving of any notice.

3.15 A Pension Trustee may, if all the Pension Trustees consent, participate in a meeting of pension Trustees by means of telephone or other communication facilities as permit all persons participating in the meeting to hear each other, and a Pension Trustee participating in the meeting by that means is deemed for the purposes of this Agreement to be present at that meeting.

3.16 Pension Trustees shall not be entitled to any fee or payment for acting as Pension Trustees, but may be reimbursed out of the Fund for all expenses which may have been incurred by them in the performance of their duties, including reimbursement for loss of regular wages and other employee benefits, provided however that the Pension Trustees determine that such expenses or losses have reasonably and necessarily been incurred in the performance, or as a result, of such duties.

3.17 Acts done by the Pension Trustees shall be valid and effective if done in good faith in carrying out the provisions of this Agreement, even though one or more of the Pension Trustees may have been improperly or invalidly appointed through mistake of fact or law.

ARTICLE IV
POWERS OF PENSION TRUSTEES

4.01 Subject always to the express terms of this Agreement and the Plan, the operation and administration of the Fund and the Plan shall be the responsibility of the Pension Trustees and, in addition to all power and authority granted by law, they shall have the full power and authority to decide all questions with respect to the administration and investment of the Fund, and to exercise such power and authority as is consistent with the general purpose and intent and necessary for the effective administration of the Fund, and without restricting the generality of the foregoing, they shall have the following powers:

(a) to administer the Fund in accordance with the terms of this Agreement and the Plan, and in general the Pension Trustees shall have every power, right and authority necessary or desirable to enable the Pension Trustees to administer the Fund and carry out their rights and obligations under this Agreement and the Plan;

(b) to enter into an agency or custody agreement, in substantially the same form as that attached hereto as Schedule “C”, with a trust company, insurance company or other financial institution permitted by law to hold the assets of the Fund, chosen by the Pension Trustees and approved by the University (said trust company hereinafter call the “Custodian”) under which agreement the Pension Trustees shall turn over to the Custodian all the funds held by them in trust for deposit, investment or reinvestment by the Custodian;

(c) with approval of the University first obtained, to employ such actuaries, accountants, legal counsel, agents and other persons to assist and advise the Pension Trustees as they may, from time to time, find advisable, and to pay from the Fund the fees and expenses for all such persons, and to rely and act or refrain from acting upon the information and advice furnished by such persons or by the University;

(d) to prepare annual financial statements and to appoint auditors of the Fund to review such annual financial statements, the choice of such auditors to be approved by the University, and to pay from the Fund the fees and expenses for such auditors, and to rely and act or refrain from acting upon the information and advice furnished by such auditors;

(e) with approval of the University first obtained, to employ such administrators to assist and advise the Pension Trustees as they may, from time to time, find advisable, and to pay from the Fund the fees and expenses for all such persons, and to rely and act or refrain from acting upon the information and advice furnished by such persons;

(f) to instruct the Custodian to make benefit payments out of the Fund at such times and in such amounts as the Pension Trustees advise, or to authorize any administrator employed by them to provide the Custodian with such instructions and advice;

(g) to establish ad hoc subcommittees from time to time, membership of which need not be limited to Pension Trustees, for such purposes as the Pension Trustees consider necessary and advisable, and to terminate any such ad hoc subcommittees when and as the Pension Trustees consider advisable;

(h) with approval of the University first obtained, to employ such professional investment managers to direct the investments of the Fund as the Pension Trustees may, from time to time, find advisable, and to pay from the Fund the fees and expenses for each such manager;

(i) to require the University to pay its contributions and contributions deducted from Members' remuneration pursuant to the Plan to the Custodian;

(j) to compute the amount of, and to pay or provide for the payment of benefits from the Fund to persons eligible under the Plan to receive the same;

(k) to establish and enforce such administrative rules and regulations and prescribe such forms and procedures as they deem appropriate to the administration of the Plan;

(l) to interpret the Agreement and the Plan and determine all matters of policy and questions involving the application of the Agreement and the Plan and any such interpretation adopted or determination made by the Pension Trustees in good faith shall be binding upon the University, Members, Eligible Spouses, their beneficiaries or estates;

(m) to recommend to the University amendments to the Plan which they consider necessary or advisable;

(n) to pay, or provide for the payment of, all reasonable and necessary fees and expenses incurred by the Pension Trustees in the administration of the Plan in accordance with Paragraph 3.16;

(o) to pay, or provide for the payment of, all real and personal property taxes, income taxes or assessments of any kind levied or assessed under existing or future laws upon or in respect to the Fund or any monies or property forming a part thereof;

(p) to enter into contracts necessary to maintain the principal office of the Fund, to terminate, modify or renew such contracts, and to exercise and claim all rights and benefits granted to the Pension Trustees by any such contract;

(q) to require the University to maintain such records relating to Members in accordance with the Plan and as the Pension Trustees may from time to time require;

(r) to make, execute and deliver any and all deeds, conveyances, contracts, waivers, releases or other instruments in writing necessary or proper to carry out the powers herein granted and to administer the Plan;

(s) to institute, prosecute and defend any suits or actions or other proceedings affecting the Plan;

(t) to borrow money in such amounts on a short-term basis to meet the obligations and expenses of the Plan and to avoid the distress sale of long-term investments;

(u) subject to compliance with the requirements of the Superintendent of Pensions or other responsible authority designated under The Pension Benefits Act of Manitoba or successor legislation and with any requirements of the Income Tax Act (Canada), allowing a custodian or professional investment manager, as an ancillary activity, to lend securities comprising the Fund to third parties on terms and conditions acceptable to the Pension Trustees;

(v) to carry out such other functions as contemplated in the provisions of the Plan and to utilize such other powers as conferred upon the Pension Trustees in the provisions of the Plan and governing trust legislation.

The Pension Trustees at all times shall exercise their powers and authority in such manner as is consistent with their obligation to maintain the registration of the Plan as set forth in Paragraph 1.06.

ARTICLE V
PENSION TRUSTEES' AUTHORITY AND LIMITED LIABILITY

5.01 All persons dealing with the Pension Trustees are released from inquiry into any decision or authority of the Pension Trustees and from seeing to the application of any monies, securities or other property paid or delivered to the Pension Trustees and may rely upon any document required to be executed by the Pension Trustees, which has been executed as provided herein.

5.02 If any person entitled to receive any payment is, at the time of such payment, a minor or is incompetent to receive such payment or to give a valid release therefor, the payment may be made to a legally appointed representative of the person to whom the payment is being made for the person's benefit without responsibility to follow the application of such payment or any such other provisions as may be acceptable by law. Any such payment shall be a payment for the account of such person and shall operate as a complete discharge of all liability therefor.

5.03 The Pension Trustees shall incur no liability, either collectively or individually, in acting upon any documents, data or information believed by them to be a genuine and accurate and to have been made, executed, delivered or assembled by the proper parties.

5.04 No Pension Trustee shall be liable for the act or omission of any other Pension Trustee. The Plan shall indemnify and save harmless the Pension Trustees and each of them, of, from and against any loss, expenses, claim, demand, action or thing of any nature whatsoever arising out of the performance or purported performance of their duties or responsibilities hereunder, except that this indemnity shall not in any way extend so as to protect any Pension Trustee with respect to any matter or thing arising out of his or her own dishonesty, wilful misconduct or negligence.

5.05 In the event that the Pension Trustees are unable to be indemnified or reimbursed out of the assets of the Fund pursuant to Paragraph 5.04, whether by reason of law or there being insufficient assets or for any other reason whatsoever, then the University does hereby indemnify and save harmless each Pension Trustee, his or her heirs, executors, administrators and estate and effects against all loss, costs, charges, damages and expenses which any of them may at any time sustain or incur, or be liable for in connection with any suits-at-law or equity actions, causes of action, claims and demands of whatsoever nature and kind brought or made in connection with or in relation to the execution of the duties of the Pension Trustee, unless such Pension Trustee shall be finally determined to be liable therefor by reason of his or her own dishonestly, wilful misconduct or negligence.

ARTICLE V1

AMENDMENT AND TERMINATION

6.01 The provisions of the Plan may be amended from time to time by the University so far as permitted by the provisions of the Plan.

6.02 Any or all of the provisions of this Agreement, in whole or in part, may be amended at any time and from time to time by the University, provided that no such amendment which affects the rights, powers, duties, authorities and immunities of the Pension Trustees or Investment Committee members, or both, shall be made without the consent of the parties so affected.

6.03 All amendments shall be properly authenticated by the required signatories of those effecting the amendment and from and after the effective date thereof shall be annexed to all executed copies of this Agreement and copies thereof distributed to all the parties.

6.04 The Plan may be terminated by the University so far as permitted by the provisions of the Plan.

ARTICLE VII

REPORTING

7.01 The Pension Trustees shall ensure that suitable and adequate records of and for the administration of the Plan are maintained.

7.02 The Pension Trustees shall provide the University with:

(a) a copy of the annual audited statements;

(b) a copy of all actuarial reports;

(c) a copy of each information return filed with the Province of Manitoba;

Upon the expiration of ninety (90) days after the receipt by the University of said statements, reports and Minutes, the Pension Trustees shall be completely released and discharged as to any liability to the University with respect to any error contained in same unless the University shall have notified the Pension Trustees in writing of any concern or errors prior to the expiration of the said ninety (90) day period.

Deleted: maintain

Deleted: , and all accounts, books and records relating thereto shall be open to inspection and audit at all reasonable times by the University.

Deleted: 7.02 Within sixty (60) days after each calendar year end, the University shall provide the Pension Trustees with written notice of the compensation, contributions and service of the members of the Plan in the said calendar year including monies received by members who are in receipt of disability income.¶
¶
7.03 Within twenty-one (21) days after the termination of employment or notification of death of a member of the Plan, the University shall provide the Pension Trustees with written notice of the compensation, contributions and service of the member from the preceding January 1 to the date of termination or death. ¶
¶
7.04 The University shall provide to the Pension Trustees, ninety (90) days prior to the normal or advised retirement date of a member, written notice of the member's estimated compensation, contributions and service from the preceding January 1 to his date of retirement, and within twenty-one (21) days after retirement, the member's actual compensation during this period.¶
¶

Deleted: 5

Deleted: <#>a copy of all Minutes of Pension Trustees' meetings and Trustee resolutions.¶
<#>¶

ARTICLE VIII

MISCELLANEOUS PROVISIONS

8.01 Any contract, document, agreement, assurance or writing requiring formal execution by the Pension Trustees shall be signed by all of the Pension Trustees or, if the Pension Trustees so direct by resolution of them, by any lesser number of Pension Trustees.

8.02 Any notice, request, statement, consent, approval, authorization, acknowledgement, appointment, refusal or direction which any party hereto may desire or be required to give to any other party hereto with regard to any matter or thing contained in this Agreement or the Plan, shall be in writing and shall either by personally served upon such other party or an officer thereof or mailed by registered mail addressed:

if to the University at:

Office of the Vice-President (Administration and Finance)
Brandon University
270 18th Street
Brandon, Manitoba R7A 6A9

if to the Pension Trustees:

Brandon University
270 18th Street
Brandon, Manitoba R7A 6A9

if to the principal office of the Fund at:

Office of the Vice-President (Administration and Finance)
Brandon University
270 18th Street
Brandon, Manitoba R7A 6A9

and any such notice, etc., shall be deemed to have been given for all purposes hereunder on the day it was personally delivered or, if mailed, it shall be deemed to have been given on the third (3rd) business day following the day of mailing.

Any change of address from that stated above shall be effected by notice in writing sent to the Pension Trustees by registered mail to the principal office of the Plan.

8.03 The parties agree to execute the necessary documents and make the appropriate applications to give effect to this Agreement.

8.05 This Agreement and the Plan shall be interpreted, construed, administered governed by and enforced according to the laws in force from time to time in the Province of Manitoba.

Deleted: 8.04 The rights enjoyed by the Pension Trustees shall be considered to be rights enjoyed jointly and severally, and the obligations and duties imposed hereunder shall be considered imposed jointly and severally upon each of the Pension Trustees. ¶
¶

8.06 The rights and obligations under this Agreement may not be assigned by any party without the consent of the other parties.

8.07 This Agreement is to be in full force and effect as of the date and year first above written.

BRANDON UNIVERSITY

Per:___________________________________

Per: ___________________________________

SIGNED, SEALED and DELIVERED: in the presence of	)))))	THE PENSION TRUSTEES OF THE BRANDON UNIVERSITY RETIREMENT PLAN
Witness	))))	A. Noto, University
Witness	)))	S. Chambers, University

Deleted: J. Anderson

Deleted: K. Bowie

Review by Pension Trustees:
June 8, 2018
November 27, 2018
February 26, 2019

Witness	)	T. Fugleberg, University Faculty Association
Witness	)	H. Gillander, University Faculty Association
Witness	)	B. Lane, Manitoba Government and General Employees' Union Local 135
Witness	)	E. Raine, Manitoba Government and General Employees' Union Local 135
Witness	)	B. Cuvelier, International Union of Operating Engineers Local 987 (A)
Witness	)	K. Nguyen, International Union of Operating Engineers Local 987 (D)
Witness	)	Vacant, PSAC
Witness	)	M. Koschinsky, Pensioners'
Witness	)	K. MacDonald, Non-Union

Deleted: J. Anderson

Deleted: K. Bowie

Deleted: R. Giles

Deleted: W. Pugh

Deleted: W. Douma

Deleted: J. Fitzpatrick

Deleted: R. Giles

Deleted: E. Raine

Deleted: Non-Union

Review by Pension Trustees:
June 8, 2018
November 27, 2018
February 26, 2019

Rosalie Kolstad

From:	Marion, Marc <mmarion@tmlawyers.com>
Sent:	Friday, June 8, 2018 5:30 PM
To:	Scott Lamont
Cc:	Rosalie Kolstad; Karen MacDonald; Roy, Rod
Subject:	RE: Trust Agreement

Scott,

With respect to your points below:

Point 1

Whether a person appointed as a Pension Trustee fails to attend meetings, or is voluntarily or involuntarily removed and not replaced, there should not be an additional risk to the other Pension Trustees. If anything, it's the Pension Trustee who fails to attend meetings who is at an additional risk for failing to fulfill his or her fiduciary duties (which at a minimum requires him or her to attend meetings unless there is a valid motive for not being able to attend).

While the other Pension Trustees don't have the ability to remove a Pension Trustee for not fulfilling his or her obligations, including missing meetings, they can as you point out inform the University and the Representative Body that appointed him or her of the circumstances. It appears that the University can then remove a Pension Trustee as long as the removal is requested by the Representative Body that appointed him or her.

The remaining Pension Trustees can continue to act without the person being removed, subject to having at least five Pension Trustees to fulfill the quorum requirement.

The clause permitting a Pension Trustee to resign appears to be a little ambiguous as it provides that "[a] Pension Trustee may resign and be fully discharged from all further duty or responsibility by the remaining Pension Trustees by giving no less than 90 days' notice in writing..." I'm not sure why the underlined portion is included in that sentence but typically when a person resigns as a trustee, he or she is fully discharged on the effective date of the resignation. In other words, it's not the other trustees who are discharging his or her from further duty or responsibility (that's done automatically on the effective date of the resignation). I don't think this clause is meant to say that a person may resign as a Pension Trustee but is only discharged from his or her duties if the other Pension Trustees so discharge the person resigning.

Point 2

The question regarding the right to delegate is a good one as the Pension Trustees generally remain personally responsible for fulfilling their duties and functions.

The old common law rule of *delegatus non potest delegare* (i.e. someone who has been delegated something cannot delegate that thing) has given way in the last decades to a new rule that permits the delegation of duties and functions by trustees subject to an overarching requirement that they continue to make any policy decisions themselves. In other words, whenever the power, discretion or duty assigned to the trustees requires that a policy decision be made, they must make it themselves. A "policy decision" is one which, if dispositive in nature (i.e. disposing of funds to beneficiaries), determines how much and at what time beneficiaries take, or if administrative in nature, directly affects the likelihood of the trust's object or purpose being achieved. If the University staff are simply carrying out "policy decisions" or exercising certain day-to-day functions without negatively impacting the ability to achieve the object or purpose of the Plan, it should be possible for the Pension Trustees to delegate certain functions provided that such delegation is contemplated or permitted in the Trust Agreement.

In this respect, there are various provisions in Article 4 that appear to permit the delegation of certain functions by the Pension Trustees including:

- 4.01(a) – Generally speaking, the Pension Trustees "shall have **every power, right and authority necessary or desirable** to enable the Pension Trustees to administer the Fund and carry out their rights and obligations under this Agreement and the Plan…" Presumably the expression "every power, right and authority" includes the power to delegate some of their duties and functions in order to better enable them to administer the Fund, provided that such delegation does not entail a type of policy decision.
- 4.01(c) – The Pension Trustees have the power "**to employ** such actuaries, accountants, legal counsel, agents and **other persons to assist and advise** the Pension Trustees as they may, from time to time, find advisable…" The expression "agents and other persons" is presumably broad enough to include the University and its staff.
- 4.01(e) – The Pension Trustees have the power "**to employ such administrators to assist and advise** the Pension Trustees as they may, from time to time, find advisable…" The term "administrators" is not defined in the Trust Agreement and, to my knowledge, it does not have a specific legal meaning in the context of a trust agreement. It's presumably broad enough to include administrative staff of the University.

I note that 4.01(l) provides that the Pension Trustees have the power "to interpret the Agreement and the Plan and determine all matters of policy and questions involving the application of the Agreement and the Plan…" which is an example of a power that they would not be able to delegate.

I hope this helps.

If you have any further questions, please let me know.

Thank you,
Marc

Marc E. Marion *

9th Floor - 400 St. Mary Ave | Winnipeg, MB | R3C 4K5
Email: mmarion@tmlawyers.com | Direct Line: 204.988.0398 | Direct Fax: 204.953.7194

Taylor McCaffrey LLP
Barristers & Solicitors

** Professional services provided by Marc E. Marion Law Corporation*

Legal Assistant: Hardeep Suri | Email: HSuri@tmlawyers.com | Direct Line: 204.988.0419

Bio | *LinkedIn* | *Twitter* | *News*

From: Scott Lamont [mailto:LAMONT@BrandonU.CA]
Sent: Friday, June 08, 2018 2:19 PM
To: Marion, Marc <mmarion@tmlawyers.com>
Cc: Rosalie Kolstad <KolstadR@BrandonU.CA>; Karen MacDonald <macdonaldk@BrandonU.CA>
Subject: Trust Agreement

Marc,

We met today with the Pension Trustees and a couple of questions were raised.

1. Regarding adding a representative from PSAC to the Trustees – although they represent the largest number of employees (4-500+) each one works very few hours so the possibility that anyone from PSAC would accumulate one quarter of YMPE for two years in a row and therefore have to join the pension plan (Plan requirement), the chance of that happening is fairly remote. However, any PSAC member may elect to join the Plan even if they have not met the minimum test requiring joining. The challenge for this group is that they are almost exclusively students and have difficulty forming an executive or naming people to committees of the University or having people named actually attend meetings. Another example is the Workplace Safety and Health Committee where they must have membership but almost never attend. The question raised by the Trustees is if PSAC named a person to serve and that person fails to attend and/or is never replaced even though that person may have left BU, is there risk to that person or to the other Trustees, other than perhaps things like quorum (3.13 five members)? Related, could the Pension Trustees simply exercise 3.07 if the person can be found to tender their resignation or have them removed for cause (failure to attend meetings), ask to have them replaced (3.08) and the Trustees carry on without them (3.09)?
2. There was a level of discomfort with the fact that Trustees have responsibilities under the Trust Agreement that they have effectively delegated to the University to complete. Although we pointed out that many if not most of the responsibilities in section 4 have been delegated, they are asking what in the agreement or the Plan document gives them the right to delegate the day to day responsibilities to the University staff while maintaining overall responsibility? I think you and I discussed that.

Thank you.

Scott

Scott J. B. Lamont, FCPA, FCGA, MBA
Vice-President, Administration and Finance
Brandon University
270-18th Street
Brandon, Manitoba, R7A 6A9

Office: 204-727-9707
Fax: 204-726-4573
Email: lamont@brandonu.ca

SCHEDULE "B"

Acceptance

We, the undersigned, hereby agree to act as Pension Trustees in accordance with the foregoing Trust Agreement. We have read the forgoing instrument, fully understand its contents, and agree to abide by its terms and conditions.

PENSION TRUSTEES	ADDRESS
Original document completed and signed by each Pension Trustee	
______________ Todd Fugleberg, BUFA	______________
______________ Heather Gillander, BUFA	______________
______________ Shawn Chambers, BOG	______________
______________ Allison Noto, BOG	______________
______________ Karen MacDonald, Exempt	______________
______________ Brent Cuvelier, IUOE A	______________
______________ Kim Meadows, IUOE D	______________
______________ Eric Raine, MGEU	______________
______________ Becky Lane, MGEU	______________
______________ Maurice Koschinsky, Retiree	______________

Signed at Brandon, Manitoba this 27nd day of November, 2018.

Pension Trust Agreement, Article 3.05 – The Pension Trustees, by signing this Agreement and the Acceptance of Trust form attached hereto as Schedule "B", agree to accept the Pension Trusteeship and act in such capacity in accordance with the provisions of this Agreement.

Schedule "B"

Acceptance of Trust

The undersigned hereby accepts the appointment to act as a Pension Trustee of The Brandon University Pension Fund (the "**Fund**") and the duties and obligations imposed on the Pension Trustees under the Amended and Restated Trust Agreement made the ____ day of _______________, ________ (the "Trust Agreement"). The undersigned acknowledges having read the Trust Agreement and understanding its nature and effect, and agrees to hold the Fund and administer the Brandon University Retirement Plan in accordance with its terms and the provisions of the Trust Agreement.

DATED the ____ day of _______________, ________.

____

Name:

Address:

Brandon University Retirement Plan
Board of Trustees
June 6, 2019

	Name	Employee Group	Term	Start Date	End Date	Address	Phone	Email
1	CHAMBERS, Shawn	BOG	4*	Sep-15	Aug-19	Off-campus	204 988-6742	shawn.chambers@rbc.com
2	NOTO, Allison	BOG	1*	Sep-18	Aug-19	Financial & Registration Services	204 727-7341	notoa@brandonu.ca
3	FUGLEBERG, Todd (Chairperson)	BUFA	2	Jun-18	May-21	Faculty of Science (Physics & Astronomy)	204 571-8577	fuglebergt@brandonu.ca
4	GILLANDER, Heather	BUFA	2	May-18	Apr-21	Faculty of Arts (Business Administration)	204 727-9792	gillanderh@brandonu.ca
5	MACDONALD, Karen	EXEMPT	1	Nov-17	Oct-20	Human Resources	204 727-7416	macdonaldk@brandonu.ca
6	CUVELIER, Brent	IUOE A	1	May-17	Apr-20	Physical Plant	204 727-9620	cuvelierb@brandonu.ca
7	MEADOWS, Kim	IUOE D	1	Nov-18	Oct 21	Physical Plant	204 727-9620	nguyenk@brandonu.ca
8	RAINE, Eric	MGEU	2	Feb-18	Jan-21	Information Technology Services	204-727-7357	raine@brandonu.ca
9	LANE, Becky	MGEU	2	Feb-19	Jan-22	Library Services / Information Technology Services	204 727-9767	laneb@brandonu.ca
10	KOSCHINSKY, Maurice	Retiree	1	Nov-17	Oct-20	Off-campus	204 727-0910 h 204 761-7394 c	koschinskym@wcgwave.ca

Signatories: Heather Gillander, Allison Noto, Todd Fugleberg (Chair)
Quorum: 50 percent of membership

The term of a Pension Trustee appointed pursuant to Paragrah 3.01 of Trust Agreement to succeed each appointed Trustee named in Paragraph 3.02 or to replace a Pension Trustee by virtue of Paragraph 3.08 shall be three (3) years.

A Pension Trustee may be appointed for a second three year term, however, no Pension Trustee shall serve longer than six (6) consecutive years and shall retire for at least one (1) full year after such consecutive service before being eligible to once more assume the position of Pension Trustee.

*Board of Governors appointments are one-year terms

Brandon University Retirement Plan Pension Trustees
Summary of Reciprocal Pension Transfer Agreements

	Parties	Most Recent Executed Agreement	First Agreement Effective Date
1.	Civil Service Superannuation Board	January 1, 1999	same
2.	HEB Manitoba, Healthcare Employees Pension Plan - Manitoba	January 1, 2019	January 1, 1999
3.	Municipal Employees Pension Plan	June 1, 2001	same
4.	University of Manitoba Pension Plans	November 10, 2005	same

From Nicky Kreshewski, Human Resources (February 19, 2019):

A majority of our transfers are with HEB and Civil Service, however, below is a list of organizations we don’t have formal agreements with and who have transferred money in and/or out of the BU plan within the last 5 years.

Transfer In
2016: Universities Academic Pension Plan (UAPP)

Transfer Out
2014: Transferred benefit to Ryerson University Pension Plan and Memorial University of Newfoundland Pension Plan
2018: Transferred benefit to Ryerson University Pension Plan
2019: Transfer to College of Applied Arts and Technology (CAAT) (currently in progress)