

JOINT PENSION BOARD MEETING

December 14, 2011

9:00 am

SSB 4220

PRESENT: Stephen Foerster, Michelle Loveland, Craig Dunbar, Krys Chelchowski, Cindy Servos, Shannon Butler, Ab Birch, Martin Bélanger, Louise Koza, Lynn Logan, Ann Jones, Deirdre Chymyck, Cara Bourdeau, Bekki Ollson, James Stockford

Guests: Bruce Curwood, Russell Investments
Ann Hutchison, Human Resources, UWO

Regrets: Jim Loupos, Jane O'Brien

1. Completion and adoption of the Agenda

2. Approval of the November 30, 2011 minutes

Motion to approve with minor changes: Louise Koza

Seconded: Krys Chelchowski

All approved with minor changes

3. Review of Risk Management

The board reviewed the updates made to the Risk Management Plan. The updates include, but are not limited to, the addition of limiting the amount of illiquid assets a fund can have and implementing an adequate valuation methodology for illiquid assets; removal of Income Trust Risk from the Breakdown of Investment Risk per UWO Fund as it no longer exists; the addition of Small Cap Risk to the Balanced Income, the Balanced Growth and the Diversified Equity funds; and the postponement of the development of a GAP tool until 2013.

Motion to Approve: L. Logan

Seconded: C. Servos

All in favour

4. Terminated Members Administrative Fees

L. Koza presented the recommendation to change the administrative fees charged to those members of the UWO Pension Plans who have terminated or resigned their employment with UWO and left their funds invested in the plans from \$200 per annum to \$400 per annum. The fee has not changed in 10 years and the current actual cost of administering these records is \$348 per annum. L. Koza reviewed the rationale for the change, the relevant policies and statutes, the problems/issues that may result, and the implementation process.

Recommendation: The administrative expense charge referenced in Section VI 5 of each of the Pension Plan for Administrative Staff and the Pension Plan for Academic Staff be \$400 per annum or \$200 semi-annually, effective January 1, 2012. The first application of this new fee will be on June 30, 2012.

Motion to Approve: M. Loveland
Seconded: L. Logan
All in favour

A second recommendation was presented to impose an administrative fee of \$200 for the calculation of imputed value in the event of marriage breakdown

Motion to Approve: L. Koza
Seconded: K. Chelchowski
All in favour

5. Third Quarter Performance Review

B. Curwood presented the Third Quarter Performance Review (period ending September 30, 2011). It was reported that the equity markets were a “disaster” as markets responded to the European debt crisis and the US debt ceiling story played out. Dividend Yield chasing managers were successful while Active managers were not. Canadian Equity managers did not do well with Greystone’s performance being significantly below benchmark.

Russell’s outlook for 2012 includes a possible recession for Europe as it works through the Euro crisis, the US coming out of the economic downturn, China’s growth slowing due to events in Europe and North America should see some growth. It is believed that corporate profits are there but Europe needs to deal with its issues and needs to support the European Union.

6. Update on Joint Pension Board Priorities

M. Bélanger presented the update on the JPB priority “Reviewing the Diversified Equity Fund and the Diversified Bond Fund. There will be 2 town hall format meetings for members of the Pension Plan; one lunch time and one evening. M. Bélanger gave an overview of the PowerPoint presentation that will be used during those meetings.

M. Bélanger gave an overview of Adams Street Partners (ASP), a private equity manager that is under consideration to be added to the Diversified Equity Fund. ASP offers a global equity fund that invests in the U.S. (50% target), non-U.S. developed markets (30% target), emerging markets (10% target) and direct investments (10% target). M. Bélanger explained the differences between direct investments, primary investments, and secondary investments. Performance since inception has been very good with a 21.9% internal rate of return, net of underlying investment fees. The closing of the 2012 fund is expected to be in April, so the Joint Pension Board would have to approve the manager at its March 2012 meeting in order to participate in this year’s fund.

M. Bélanger recommends Adams Street Partners based on the due diligence conducted when ASP was selected by the Operating & Endowment Fund and the experience with the manager so far.

Board members requested more details in some areas, including: an overview of the secondary markets, the valuation process and the demographics of the Diversified Equity Fund.

7. Survey on Pension Plan Expenses

It was reported that the results of the survey on pension plan expenses highlight the fact that the overall fees of the Western Pension Plan are slightly lower than average of those plans who participated in the survey. Participants included, among others, University of Guelph, York University, Via Rail, McGill University, and the Bank of Canada.

8. Pension Staff Updates

M. Bélanger informed the board of the election of Cindy Servos to another 4 year term on the Joint Pension Board and notified the board of his upcoming Manager Review to the Boston area to meet with PanAgora and Fidelity.

9. Other Business

None to Report

Motion to adjourn: M. Loveland

Seconded: S. Forester

Meeting adjourned: 11:20