

Joint Pension Board Meeting

December 3, 2012

9:00 AM

SSB4210

Present: Prof. Stephen Foerster, Ms. Louise Koza, Mr. Ab Birch, Ms. Krys Chelchowski, Ms. Jane O'Brien, Mr. Jim Loupos, Ms. Michelle Loveland, Ms. Lynn Logan, Ms. Cindy Servos

Management and Consultants: Mr. Martin Bélanger, Mr. Jeffrey Symons, Mr. James Stockford, Mr. Bruce Curwood, Ms. Cara Bourdeau, Ms. Bekki Ollson

Regrets: Ms. Shannon Butler, Prof. Craig Dunbar

1. Completion and adoption of the Agenda

A request was made to cover item 6 prior to item 5 in the meeting. The minutes reflect the actual order of discussion.

2. Approval of the November 2nd minutes

Motion: Prof. Stephen Foerster

Seconded: Mr. Jim Loupos

All in Favour

3. Governance Self-Assessment Questionnaires – Exhibits Ia & Ib

Mr. Jeffrey Symons summarized the changes to the Governance Self Questionnaires for the Academic and Administrative Staff Plans. The Joint Pension Board discussed the changes and was given opportunity to provide input. A motion was proposed to accept the updates.

Motion for Academic: Prof. Stephen Foerster

Seconded: Ms. Michelle Loveland

All Academic Board members in favour

Motion for Administrative Staff: Ms. Cindy Servos

Seconded: Mr. Jim Loupos

All Administrative Staff Board members in favour

4. Statement of Investment Beliefs – Exhibit II

Mr. Martin Bélanger reviewed changes made to Statement made since the last meeting. Changes suggested by the Joint Pension Board had been incorporated into the document. S. Foerster, who provided most of the revisions for the active/passive management belief, mentioned that it was important that passive management remains the default option, despite the fact that most mandates are currently actively managed. After further discussion and a call for any further changes by the members both Boards, a motion was requested to approve the document.

Motion: Mr. Jim Loupos

Seconded: Ms. Louise Koza

All in favour

6. Third Quarter Performance Review – Exhibit IV

Mr. Bruce Curwood reviewed Exhibit IV, beginning with the executive summary. Mr. Curwood presented details on each manager and the quarterly returns of each fund versus their respective benchmarks. Differences between manager performances were discussed, including attribution due to sector bets, value or growth style, and passive versus active management. The Joint Pension Board asked for an opinion on a poor performance in equities by Alliance Bernstein. Mr. Martin Bélanger and Mr. Bruce Curwood explained that some but not all of the gap in performance could be explained by the value style used by the manager. The Joint Pension Board requested that this year's scheduled meeting with Alliance Bernstein be moved up in the calendar and that a request be made for the manager to come to Western for a review with the Joint Pension Board. Mr. Martin Bélanger agreed to make arrangements for the review at the next available opportunity.

5. Update on Joint Pension Board Priority “Reviewing the Diversified Equity Fund” – Exhibit III

Mr. Martin Bélanger gave the Joint Pension Board a projection of the fee impact of proposed changes to the Diversified Equity Fund. Mr. Bélanger discussed each component being added or taken away, and the marginal impact of each change. The Joint Pension Board discussed each component being added within the context of the history of the fund, and the investment beliefs held by the Joint Pension Board. Mr. Martin Bélanger discussed the process for selecting managers and implementing a strategy. The Joint Pension Board was then asked to decide on an asset mix from one of the suggest portfolios.

After reviewing all options that were put forth to the Joint Pension Board, a general consensus was reached to move to one of the proposed portfolios, referred to as “portfolio ten” in the meeting exhibit.

The existing asset mix is as follows:

International Equities 30%, Canadian Large Cap Equities 30%, US Large Cap Equities 17.5%, US Mid Cap Equities 2.5%, US Small Cap Equities 2.5%

The proposed asset mix under portfolio ten is as follows:

Global Large Cap Equities 24%, International Equities 16%, US Large Cap Equities 10%, US Large Cap Low Volatility Equities 10%, Global Small Cap Equities 5%, Emerging Market Equities 5%, Canadian Large Cap Equities 30%

A motion was put to the Joint Pension Board:

“The asset mix within proposed portfolio ten is approved by the Joint Pension Board, and a request is made to Pension Operations to transition the fund towards this target.”

Motion: Ms. Lynn Logan

Seconded: Prof. Stephen Foerster

Eight members of the Joint Pension Board in favour, one member opposed: Motion Passed

Following the vote, the Joint Pension Board discussed the proposal further and the member that voted against the proposal voiced concerns with the number of investment manager searches required, as well as overall complexity of the proposed fund. Mr. Martin Bélanger responded to these specific concerns by pointing out the number of investment manager searches was similar to other proposals. Mr. Bélanger reviewed the proposed portfolio again and mentioned that the new portfolio was consistent with the Joint Pension Board’s Statement of Investment Beliefs and that it met the goals of the fund review improving the expected return of the portfolio while reducing risk associated with the fund. After all members of the Joint Pension Board were given the opportunity to share concerns or opinions, Mr. Martin Bélanger confirmed that the proposal would be implemented.

7. Kilgour Williams Group Quarterly Report – Exhibit V

Mr. Martin Bélanger presented the quarterly report and explained the market commentary to the Joint Pension Board. Mr. Bélanger explained that the recent optional redemption vote was having the desired effect on prices for the notes. The Joint Pension Board discussed the spread between current prices and maturity values, and asked whether selling now was a recommended option for the fund. Mr. Martin Bélanger responded by saying the current rating on the investment was “retain” and that each time the report was updated the option of selling was included in the research.

8. Update on Joint Pension Board Priority “Governance”

Mr. Martin Bélanger said that the Human Resources group continues to work on enhanced reporting for members. BNY Mellon is currently customizing reports for Western.

9. Update on Joint Pension Board Priority “Member Support”

Ms. Cara Bourdeau summarized the results of three recent workshops given by Human Resources for the Western community on financial education. The sessions were extremely well received, and

attendance was excellent. Ms. Bourdeau commented on demographics for each session and feedback received from those in attendance.

10. Staff Updates

Mr. Martin Bélanger stated no staff updates were available at this time.

11. Other Business

Ms. Louise Koza in capacity as Director, Total Compensation updated the Joint Pension Board on the recent results of the Morneau Report. The Province of Ontario has issued some guidelines for a proposed fund that Universities may participate in for their Pension and Endowment Funds. Defined Contribution plans such as Western may participate at some point in the future on a voluntary basis. Many details of this participation are still being clarified.

Ms. Louise Koza in capacity as Director, Total Compensation updated the Joint Pension Board on the Governance Grievance brought forth by UWOFA. To date, UWOFA has chosen to continue to pursue the grievance, and has asked for more clarification on some issues raised. The Joint Pension Board discussed the cost and complexity versus the benefits of some of the requested enhancements. Other issues within the grievance were also discussed such as Board composition and audit independence.

Motion to adjourn

Motion: Ms. Lynn Logan

Seconded: Mr. Jim Loupos

All in Favour

Meeting adjourned at 11:10 am