REVIEW OF INVESTMENT GUIDELINES

FOR APPROVAL

Recommendation #1: That Pyramis Global Advisors, as part of its international equity growth mandate with the Western Retirement Plans Diversified Equity Fund, be authorized to invest in any company (subject to the mandate investment guidelines) located in a country that is part of the MSCI EAFE index, even if such company is not listed on a designated exchange.

Background:

Prior to September 25th, 2008 the Diversified Equity Fund was a quasi-mutual fund trust. In order for the fund to constitute a qualified investment for the Western Retirement Income Fund ("RIF"), all assets in the fund had to be "qualified investments" under the Income Tax Act of Canada. Company share have to be listed on designated exchange in order to constitute a qualified investment. On September 25th, 2008 the status of the fund changed to a mutual fund trust. As a result the requirement that all underlying assets be qualified investments for the Diversified Equity Fund itself to be a qualified investment for the Western RIF was no longer necessary, as long as there are 150 members invested in the fund.

As of September 30, 2009 two countries that are included in the MSCI EAFE Index don't have a designated exchange on their territory: Greece and Portugal (see table below).

Countries in the MSCI EAFE Index

Country	Weight	Designated Exchange	Name of Exchange
Australia	8.20%	Yes	Australian Stock Exchange
Austria	0.30%	Yes	Vienna Stock Exchange
Belgium	1.00%	Yes	Brussels Stock Exchange
Denmark	0.90%	Yes	Copenhagen Stock Exchange
Finland	1.20%	Yes	Helsinki Stock Exchange
France	10.90%	Yes	Paris Stock Exchange
Germany	8.10%	Yes	Frankfurt Stock Exchange
Greece	0.60%	No	N/A
Hong Kong	2.30%	Yes	Hong Kong Stock Exchange
Ireland	0.30%	Yes	Irish Stock Exchange
Italy	3.70%	Yes	Milan Stock Exchange
Japan	21.40%	Yes	Tokyo Stock Exchange
Netherlands	2.50%	Yes	Amsterdam Stock Exchange
New Zealand	0.10%	Yes	New Zealand Stock Exchange

Country	Weight	Designated Exchange	Name of Exchange
Norway	0.70%	Yes	Oslo Stock Exchange
Portugal	0.30%	No	N/A
Singapore	1.40%	Yes	Singapore Stock Exchange
Spain	4.80%	Yes	Madrid Stock Exchange
Sweden	2.80%	Yes	Stockholm Stock Exchange
Switzerland	7.70%	Yes	Zurich Stock Exchange
United Kingdom	20.70%	Yes	London Stock Exchange

As a result of this amendment to the mandate investment guidelines, Pyramis Global Advisors will now be authorized to invest in companies listed on the Portuguese and Greek stock exchanges.

Recommendation #2: That the international equity mandate managed by AllianceBernstein in a separate account within the Western Retirement Plans Diversified Equity Fund be transferred to the Sanford C. Bernstein International Pooled Fund.

Background:

As for recommendation #1, the main reason for having a separate account for the international equity mandate managed by AllianceBernstein was to comply with the Income Tax Act regarding the definition of qualified investments.

The removal of the constraints would create a more efficient portfolio by increasing the breadth of opportunities available to the manager. On the other hand when relaxing constraints, manager selection risk also rises.

The main difference between the two mandates is the inclusion of emerging markets in the Sanford C. Bernstein International Pooled Fund.

Here's the exposure of the fund to emerging markets since the beginning of 2007:
3Q09: 6.1%
2Q09: 5.5%
1Q09: 6.4%
4Q08: 5.8%
3Q08: 5.6%
2Q08: 6.1%
1Q08: 5.7%
4Q07: 6.4%
3Q07: 6.4%
2Q07: 5.5%
1Q07: 5.9%

The allocation to emerging markets is limited to 10% of the portfolio.

The next two tables compare the performance of each strategy. The pooled fund has outperformed the segregated account since inception by 31 bps. The pooled fund has also outperformed the segregated account in six of the last eight calendar years (including year-to-date 2009).

Annualized Returns
As of October 31, 2009

	1-Yr	2-Yr	3-Yr	4-Yr	5-Yr	6-Yr	7-Yr	8-Yr
Sanford C. Bernstein International Pooled Fund	15.37%	-17.56%	-9.98%	-1.66%	2.21%	4.08%	5.04%	3.24%
International Value Segregated Account	13.67%	-17.12%	-10.58%	-2.06%	1.65%	3.45%	4.63%	2.93%

Calendar Year Returns

	YTD (As of Oct 31, 2009)	2008	2007	2006	2005	2004	2003	2002
Sanford C. Bernstein International Pooled Fund	14.63%	-38.18%	-7.33%	32.19%	17.86%	15.85%	14.43%	-7.78%
International Value Segregated Account	13.10%	-36.68%	-9.54%	31.89%	16.68%	14.32%	16.22%	-7.92%

The next table compares the volatility of each strategy. The pooled fund has been slightly more volatile over the past three and five year periods.

Volatility
Standard Deviation of Returns as of October 31, 2009

	3-Yr	5-Yr
Sanford C. Bernstein International Pooled Fund	20.01%	17.14%
International Value Segregated Account	19.28%	16.56%

The investment management fee schedule would remain the same if we change to the pooled fund. Currently, investors in the pooled fund pay operating expenses on top of the investment management fees. Those expenses are limited to 20 bps and are currently at 5 bps. By changing from a segregated account to pooled fund, our custodian fees would decline by about $13,800 by quarter with the elimination of the segregated account and would increase by $750 by quarter with the addition of a pooled fund, for net savings of $13,000 per quarter or $52,000 per year. With assets of $65 million in the segregated account, this represents 8 bps. This doesn’t include the tax and legal costs that have to be incurred each time a portfolio manager wants to invest in a specific country. The costs to register in a foreign country range from $2,500 to $5,000 for the most expensive countries such as China, Taiwan and India.

In conclusion, here are the pros and cons of the proposed change:

Pros:
- Higher expected performance and exposure to the fast growing emerging markets
- Lower custodian fees
- Lower tax and legal fees

Cons:
- Higher volatility

Recommendation #3: That the mandates managed by Pyramis Global Advisors and AllianceBernstein for the Non-North American Equity Fund be made to comply with the qualified investments regulations of the Income Tax Act of Canada.

Background:

By making the Non-North American Equity Fund a qualified investment according to the Income Tax Act, it could be offered as an investment option for the Western RIF. Beside the Socially Responsible Global Equity Fund, there are currently no non-U.S. foreign fund available to RIF members.

Implementing this recommendation would require no change to the way Pyramis Global Advisors currently manage its portion of the portfolio. The portion managed by AllianceBernstein would transition from a pooled fund to a segregated account, i.e. the way AllianceBernstein currently manages international equity within the Diversified Equity Fund.

Although this change would reduce the optimality of the portfolio and increase costs, it is the only way it can be made available to RIF members. In addition, it makes sense to consider this in concert with recommendations 1 and 2 above. Finally, if we could attract 150 RIF members in the fund, we could convert the fund to a mutual fund trust (as was done for the Diversified Equity Fund) and relax the constraints.