JOINT PENSION BOARD MEETING

November 23, 2009

9:00 a.m.

SSB 4220

PRESENT: Ab Birch, Michelle Loveland, Stephen Hicock, Stephen Foerster, Craig Dunbar Krys Chelchowski, Jim Loupos, Cindy Servos, Martin Bélanger, Louise Koza, Lynn Logan, Ann Jones, Andrea Magahey.

Guests: Bruce Curwood, David Paribello

Regrets: Jane O'Brien

1. Changes to Agenda:
M. Bélanger announced the winners of the Pension Board elections
Michelle Loveland – Academic Pension Board
Ab Birch – Administrative Staff Pension Board

2. Approval of September 28, 2009 Minutes:
Motion: L. Koza
Seconded: S. Foerster

Minutes approved with minor changes.

3. Approval of Statement of Investment Policies and Procedures (SIPP)
A. Magahey reviewed the changes made to the SIPPs for the Academic and Administrative Pension Plans with the board for approval. Changes that relate to both Pension Plans include updating the Appendices, and the Categories of Investments.

Manager mandate updates include the manager changes made in the past year such as the addition of Beutel Goodman, the removal of Northwater from the US Equity mandate and the appointment of SSGA as the replacement of Northwater. L. Koza noted that the fees charged by KPMG should not be included in the SIPP. Andrea Magahey advised that the KPMG description would be amended and references to fees removed.

Motion to Approve:

Academic Plan: L. Koza,	Seconded: S. Foerster – All in favour
Administrative Plan: L. Koza	Seconded: A. Birch – All in favour

4. Third Quarter Performance
B. Curwood presented the third quarter review. The markets continue to rebound and consumer confidence appears to be improving. Credit spreads have improved and are now at a more normal level. The value style has outperformed the growth style in recent months. Only 40% of active managers have outperformed their benchmark during the last quarter. Greystone, a quality investment manager, is rebounding compared to its growth benchmark and PanAgora showed positive signs in this quarter. B. Curwood will investigate the substantial value added reported in various U.S. equity index mandates.

5. Liquidating Trust Manager
M. Bélanger reviewed the need to appoint a manager for the Liquidating Trust fund. C. Servos requested more details about the due diligence process followed to select a new manager for the Liquidating Trust.

M. Bélanger contacted all existing managers on the Western retirement plans with significant fixed income operations (CC&L, SSgA, Northern Trust Global Advisors, Greystone, and Fidelity). In general they were not comfortable monitoring the market for the MAV II notes; however, Greystone responded that it could act as the manager based on its current relationship with the University but that some aspects of the mandate in regards to monitoring the market for Restructured Notes would be not be something they could provide.

The search was then extended to include Kilgour Advisory Group (KAG), Addenda Capital and PIMCO. KAG was recommended by CC&L. They have the best proposal but the firm is not a registered advisor. Their fee would be about $80,000 per year. Addenda Capital was recommended by Northern Trust. They provided an adequate proposal, although their level of understanding of the market seems to be lower than KAG. Their fee would be a minimum of $75,000. They have a declining fee schedule starting at 0.50% on the first $2 million, going down to 0.10% on assets in excess of $1 million. PIMCO was considered but they are not comfortable with accepting mandates generating less than $250,000 per year in management fees.

Accordingly one of the other responding firms with expertise in this market but who is not an Advisor under the Securities Act, Kilgour Advisory Group, was identified as a sub-advisor. This is required to complement the services of Greystone. Kilgour Advisor Group will work as consultants/advisors with Greystone.

The services to be provided by Kilgour Advisory Group would be as follows:
- Update on credit markets
- Update on margin triggers and reference indices
- Update on events affecting the notes
- Overview of secondary market
- Portfolio valuation
- Portfolio liquidation

Management fees for Greystone's services will be charged out of the fund as usual. Fees for Kilgour's services would be charged as consulting fees which are paid by the University. The Joint Pension Board noted that it was important for the Board to have the expert services of Kilgour in assessing the market for the restructured notes but that these services should be as cost effective as possible. L. Koza asked what approach the Endowment Fund is taking. Is there any opportunity to share costs with the Endowment Fund if it engages Kilgour. The cost to engage Kilgour is $80,000/annum. It was agreed that the University will be approached to purchase the Kilgour's services.

L. Koza forwarded the motion to accept the recommendation that Greystone Managed Investments ("Greystone") be appointed manager for the Liquidating Trust Fund providing the following services:
    - Act as a registered investment advisor for the portfolio
    - Liquidate portions of the portfolio, based on members' directions

- Provide periodic reporting for the portfolio, including pricing of the notes, with the support of a sub-advisor to be hired by Western
- Invest the cash component of the portfolio, including future interest payments

Seconded: L. Logan, All in favour

6. Non-Bank ABCP Restructuring Plan Update

The individual statements confirming the carve-out of the Restructured Notes from affected pension funds to the Liquidating Trust as per the management of plan for the restructured notes were sent to each affected plan member and the ABCP website continues to be updated.

7. Governance Self-Assessment Questionnaires

Board members were asked to provide comments and feedback to M. Bélanger and/or A. Magahey prior to the next meeting. The documents will be approved at the December meeting of the Joint Pension Board.

8. Development of a Statement of Investment Beliefs

M. Bélanger requested members to review each of the 10 principles of the Joint Pension Board to determine if any changes are required. Board members were asked to submit any questions for information or research to M. Bélanger by December 1, 2009.

9. Management Update

The board was informed that A. Magahey has been appointed Manager, Pension Legal and Operations.

10. Other Business

CCL has disclosed on a quarterly basis that that a director in the firm sits on the board of an actively traded company. Due to recent changes in securities regulations the pension plans have signed an acknowledgement that they have been informed about the potential conflict. To date the plans do not hold any shares of the company in question but it is possible that they could do so at some point in the future.

Motion to adjourn: L. Logan
Seconded: A. Birch

Greystone Fund Manager Review Meeting

Board members were invited to stay for the Greystone Fund Manager Review

In attendance: A Birch, J. Loupos, C. Dunbar, M. Bélanger, B. Curwood, A. Magahey, A. Jones.

Betty Jane Thomas and Rod Balkwill of Greystone provided the annual review. The presentation focused on 3 themes: Rally, Earnings Visibility and Portfolio Positioning. M J Thomas reported that year-to-date figures indicated that Greystone return is 21.2%, the index is 30.0% for a difference of -8.8% and this is the strongest 3rd quarter on record.

R. Balkwill reviewed the 3 step process of Greystone's growth philosophy: Quantitative screening, Qualitative review, and team based portfolio construction. It was noted that actual growth earnings were beating expectations and growing faster than the markets. A. Birch asked if there were any changes in the Quantitative model; R. Balkwill informed the board that the model is back tested annually, but there have been no significant changes made recently, other than minor tweaking of some of the factors. C. Dunbar asked whether the performance reflects what happened in 2008. Performance figures reflect the rapid sell of quality assets for liquidity purposes. MJ Thomas reviewed the sources of underperformance, expectations for 2010, and the repositioning of the Western portfolio. Approximately 500 bps of underperformance was due to Greystone investment style (focus on predictable growth and quality companies) while the remaining underperformance was caused by poor security selection. B. Curwood asked how the portfolio was performing this quarter – it is ahead of the market by 75bps.

Greystone has $31 billion assets under management, the Canadian Equity strategy is closed, the business continuity plan includes back up facilities in Winnipeg which have been tested. There have been no changes in the Canadian Equity portfolio investment personnel, there are no compliance issues and the there are no issues resulting from a regulatory review. R. Balkwill will get back to M. Bélanger regarding details of their security lending process.

Meeting adjourned: 12:00 p.m.