

# JOINT PENSION BOARD MEETING

January 18, 2010

9:30 a.m.

SSB 4220

PRESENT: Ab Birch, Michelle Loveland, Stephen Hicock, Stephen Foerster, Jim Loupos, Martin Bélanger, Louise Koza, Lynn Logan, Ann Jones, Andrea Magahey, Cara Dakin.

By Conference Call: Jane O'Brien,

Guests: Bruce Curwood, Dan Williams (by conference call), Colin Kilgour (by conference call)

Regrets: Cindy Servos, Craig Dunbar

## **1. Changes to Agenda:**

Item 3 - Motion Required

Motion to Approve the Agenda: L. Koza

Seconded: S. Hicock

## **2. Approval of December 14, 2009 Minutes:**

Motion: L. Koza

Seconded: J. Loupos

Minutes approved with minor changes.

## **3. Non-Bank ABCP Restructuring Plan Update**

Dan Williams and Colin Kilgour of Kilgour Advisory Group (KAG) attended this discussion of the meeting by conference call. The board reviewed in detail the issue of the valuation for the Liquidating Trust and the market for non bank asset backed commercial paper. A lengthy discussion to review the appropriateness of the KAG valuation model followed. Kilgour Advisory Group are experts in the non bank ABCP market.

Issues reviewed by the board were:

- The market activity of the notes at December 31, 2009;
- The methodology for the valuation of notes in light of ongoing limited liquidity;
- How to determine a liquidation price consistent with recent bids in the market; and
- The need remove the Liquidating Trust assets out of the pension plan for two Affected members.

Motions:

1. That the general accounts in the respective academic and administrative staff pension plans purchase Liquidating Trust unit holdings of the respective Affected Member. The purchase will be made effective December 31, 2009.

Motion to Approve; L. Koza  
Seconded: L. Logan  
All in favour

2. That the unit value for the Liquidating Trust, be based on the Kilgour Advisory Group valuation model which reflects the intrinsic fair value of the restructured notes in the market, shall be priced at approximately \$65.3616 as of December 31, 2009.

Motion to Approve; L. Koza  
Seconded: S. Hicock

S. Foerster motioned an amendment to Motion 2  
That the unit value for the Liquidating Trust, be based on the Kilgour Advisory Group Valuation model, which reflects the intrinsic fair value of the restructured notes in the market, and shall be priced at approximately \$65.3616 as of December 31, 2009, but the units to be liquidated will be purchased at \$53.1791 which is the price that reflects the most recent bids in the market at December 31, 2009, broker bids as provided by the Kilgour Advisory Group.

Seconded: A. Birch  
In Favour: 6 members  
Not in Favour: 3 members  
Abstain (not in attendance); 2 members

#### **4. Update on JBP Priority: Development of a Statement of Investment Beliefs**

Discussion held over to the next meeting

#### **5. Academic Plan General Account Investment Review**

A review of the surplus in the Academic Plan members General Account was provided. More information will be presented and it was suggested that consideration be given for the Academic Board to follow the lead of the Administrative Board and invest the assets in an immunized bond portfolio.

The options are:

1. go to an Immunized Bond Fund
2. spend more on Legal advice
3. provide pension improvements at this time, and
4. All of the above

This is an actuarial valuation year, which will follow after the year end finance reports are completed.

#### **6. Administrative Staff Plan Update on Immunized Bond Fund**

A review of the Administrative Staff Plan Immunized Bond Fund indicates that the plan is well funded.

## **7. Fidelity Review**

Pyramis (Fidelity) manages 15% of the Diversified Equity Fund and 50% of the Non-North American Equity Fund in segregated accounts. With assets of \$76.2 million, the Western Retirement Plans pay approximately 0.70% in investment management fees. Since the last review there have been no personnel changes or compliance issues. The portfolio has underperformed its benchmark in 2009 mostly because value has outperformed growth. Fidelity has added 139 bps of value annualized since inception on March 8, 2005.

## **8. SSgA Review**

The review for SSgA in December was held at their Boston offices. SSgA manages 33% of the Diversified Bond Fund, the Canadian Bond Fund, the Long-Term Bond Fund, the Target-Date Funds, the Money Market Fund, and the Immunized Bond Fund, 20% of the Diversified Equity Fund, the U.S. Equity Hedged Fund and the U.S. Equity Unhedged Fund. Western pays approximately 0.06% in fees on the fixed income funds and 0.07% in fees on the equity funds. The Head of Fixed Income left since our last review but he has been adequately replaced. SSgA Canada has two interim Presidents until a new president is appointed. They have disclosed that they are facing 3 litigation claims but not in areas related to our portfolio.

An unusually large positive tracking error on the Canadian Bond Fund was due to the manager being able to purchase a new bond issue at a more attractive price, and there was tracking error in the U.S. Equity Fund within the Diversified Equity Fund, which was caused by the transition from Northwater where a large contribution was made into a smaller fund. SSgA will now be using the spot foreign exchange rate at the benchmark rate (4:00 PM London close rate) to avoid similar problems in the future. The Money Market Fund meets the revised investment guidelines as of November 19, 2009.

## **9. Newsletter Content**

The list of newsletter items was reviewed.

## **10. Management Announcements**

There are 2 upcoming Manager Reviews:

1. Highstreet Asset Management: London, ON at the Highstreet Offices –  
Tuesday February 2, 2010 at 9:00, board members were invited to attend
2. T. Rowe Price: Baltimore, February 19, 2010

The expected mailing date of the Annual Pension Statement is March 24.

The auditors are scheduled to be here the weeks of April 5 and April 12.

Motion to Adjourn: L. Koza

Seconded: L. Logan