

# JOINT PENSION BOARD MEETING

December 14, 2009

9:30 a.m.

SSB 4220

PRESENT: Ab Birch, Michelle Loveland, Stephen Hicock, Stephen Foerster, Craig Dunbar Jim Loupos, Cindy Servos, Martin Bélanger, Louise Koza, Lynn Logan, Jane O'Brien, Ann Jones, Andrea Magahey, Cara Dakin, Holly Scanlon

Guests: Bruce Curwood, David Paribello

Regrets: Krys Chelchowski,

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

Item 3 will be a motion item. D. Paribello left the room while the board discussed this item

## **2. Approval of September 28, 2009 Minutes:**

Motion: A. Birch

Seconded: S. Hicock

Minutes approved with minor changes.

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

M. Bélanger provided an update regarding the Manager Search for the Liquidating Trust fund. Greystone Managed Investments ("Greystone") has been approved as the Manager of the Liquidating Trust Fund and Kilgour Advisory Group will act as Sub Advisor. A conference call was held with Kilgour Advisory Group ("KAG") and Greystone to clarify the duties of each party. As a result, Greystone's fees are expected to be reduced as the amount of work they were expecting to perform is less than they expected. KAG will provide the majority of service, with Greystone being responsible for the administration of the fund, executing orders and the money market portion of the fund. Both KAG and Greystone will be responsible for compliance issues. Pricing for the management of the fund will be finalized this week.

A. Magahey informed the board that the merging of the B Funds with the Original corresponding funds is complete and individual statements to affected members confirming the fund merger will be mailed this week. All forms and the pension system have been updated to remove any reference to the B Funds.

A. Magahey notified the board that there are tax issues with plan members who will be age 71 in 2009. These pension plan members are required to have all their assets out of the plans by December 31, 2009. There are approximately 25 affected members who hold Liquidating Trust units for whom all but 2 members can move their Liquidating Trust units to the Western RIF to satisfy the income tax requirement. The remaining 2 members cannot be moved to the Western RIF due to residency and/or source of funds constraints. Though the possibility of obtaining relief or an exemption was considered and pursued by external legal counsel, the legal opinions have concluded that the only option that will satisfy the income tax requirements is to redeem the Liquidating Trust assets for the two members identified.

Consequently 2 members must have their Liquidating Trust units redeemed out of their pension plan accounts effective December 31, 2009 in order not to jeopardize the registration status of the pension plans. The total units needing to be redeemed are very small at 153.0865 units. The board discussed the best approach to provide liquidity to the holdings of these 2 members with one suggestion being that the General Accounts purchase the funds at the current price. The question that needs to be addressed is what will be the purchase price for the Liquidating Trust units to be purchased. S. Foerster inquired as to what is the current value. M. Bélanger stated the price for the Liquidating Trust unit at December 31, 2009, using a model to determine fair market value, is expected to be approximately \$80, which would be lower than the current price of around \$95. The board discussed how to best treat the funds of these 2 members and remain fair to all other members who have Liquidating Trust units but cannot sell at this time. It was suggested that these funds be sold at a lower rate with an agreement to “top up” the amount if a high valuation is struck in June 2010. The issue is what is fair value without setting an unrealistic precedent. The transaction must occur by late January 2010. It was agreed that KAG will be asked to calculate the December 31, 2009 Fair Market value and to provide an opinion on the options available regarding these two individuals.

Due to time restraints it was agreed that KAG will be approached immediately for advice and recommendations to get a solution by year end. L. Koza asked when it is expected that KAG will be engaged; M. Bélanger stated this would occur shortly once the fees were agreed upon.

No motion was made at this time. Following discussions it was agreed that further information would be provided to the Joint Pension Board including the proposed purchase price after which time the board will vote, by email if necessary, on the proposed purchase.

#### **4. Fidelity and AllianceBernstein Investment Guideline Review**

M. Bélanger presented 3 recommendations to amend the mandate investment guidelines of Pyramis Global Advisors and AllianceBernstein. If the board approves Recommendation 1 and Recommendation 2, then Recommendation 3 is null and void.

Recommendation 1 will provide Pyramis the authorization to invest in companies listed on the Portuguese and Greek stock exchanges. In addition, South Korea is expected to be added to the MSCI EAFE Index next year and as such it makes sense to remove the restriction in order to avoid limiting the manager. Recommendation 2 transfers the international equity mandate managed by AllianceBernstein to the Sanford C. Bernstein International Pooled Fund. The difference between the two mandates is primarily the inclusion of emerging markets in the Sanford C. Bernstein Fund. Recommendation 3 provides that the mandates managed by Pyramis Global Advisors and AllianceBernstein for the Non-North American Equity Fund be made to comply with the qualified investment regulations of the Income Tax Act of Canada and thereby making it available to RIF members.

M. Bélanger informed the board that by adopting Recommendations 1 and 2 costs would be reduced and efficiency increased and Recommendation 3 would not be valid. The concern at this time is RPP members and therefore it is necessary to view which options are in the best interest of these members. L. Koza noted that RIF members have choice and with only 300+ members the concern is the interests of RPP members.

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, or expected to be part of, the MSCI EAFE index, even if such company is not listed on a designated exchange.

Motion to Approve: S. Foerster

Seconded: S. Hicock

All in favour

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.

Motion to Approve: L. Koza

Seconded: C. Dunbar

All in favour

Recommendation 3: not voted on.

## **5. Governance Self-Assessment Questionnaire**

A. Magahey presented both the Academic and Administrative Staff Governance Self Assessment Questionnaires for approval. M. Loveland noted that Item 8 on both documents needed correcting – the Canadian Institute of Chartered Accounting Principles should be Handbook (not Principles).

Academic Board

Motion to Approve: C. Dunbar

Seconded: S. Hicock

All in favour

Administrative Board

Motion to Approve: A. Birch

Seconded: L. Koza

All in favour

## **6. PanAgora Review**

On December 8, 2009 L. Koza (by conference call) and M. Bélanger met with PanAgora professionals in their Boston offices. PanAgora is ranked Retain by Russell despite the poor performance since inception in October 2006. B. Curwood noted that PanAgora is a quant manager and quant managers have generally underperformed recently. M. Bélanger informed the board that there are no compliance issues which are a reflection of their good risk control. The Board decided to continue with PanAgora at this time.

M. Bélanger noted that on the day following the meeting 15 of 90 employees were laid off, and therefore the administrative issues could become a concern and they will be monitored.

### **Other Business**

L. Koza asked to bring other business forward at this time. She updated the board regarding Faculty early retirement incentive program. There are 210 Faculty members eligible for the program and the Pension administration staff will be working with these members and holding workshops. A. Magahey stated that Bill 236 which is not yet passed has gone to 1<sup>st</sup> reading may ultimately provide for the provision of Phased-In Retirement for DC Plan members which may help Faculty members.

### **7. Development of a Statement of Investment Beliefs Update**

M. Bélanger received feedback from board members regarding the Statement of Investment Beliefs and noted that the Foreign Currency Hedging generated the most interest.

Meeting attendees divided into groups of 4 to review and discuss each of the Beliefs. Following the small group discussions each belief was discussed with all meeting attendees and M. Bélanger took notes of the suggestions and will update the Statement of Investment Beliefs for circulation.

Motion to adjourn: L. Koza

Seconded: C. Servos

Meeting adjourned: 11:45