JOINT PENSION BOARD MEETING

June 17, 2009

1:00 p.m.

SSB 4220

PRESENT: Ab Birch, Michelle Loveland, Stephen Hicock, Stephen Foerster, Krys Chelchowski, Martin Bélanger, Louise Koza, J. O'Brien, Ann Jones, Andrea Magahey, Deirdre Chymyck.

Guests: David Paribello (Robarts)
Regrets: S. Finlayson

PanAgora: Sajoy Ghosh, Robert Job (by Conference Call), Regrets: Kevin Dowie

1. Changes to Agenda:
None

2. PanAgora Asset Management Annual Review
K. Dowie sent his regrets as he was unable to attend the meeting. S. Ghosh provided an organizational update. Assets under management declined from $20 billion to $11.4 billion, but the firm remains profitable. M. Bélanger asked if there were many clients lost during 2008. The board was informed that 2008 was a unique year in that the reasons for clients leaving were structural not performance related and this trend has continued into 2009. PanAgora continues to gain new mandates and there has been a 10% reduction in staff after other cost cutting which were mostly operational (11 positions in April/May). There were two strategic hires within the last 12 months: Chief Technology Officer and a Senior Strategic Relationship person. There have been no changes to the UWO portfolio.

S. Ghosh reviewed the portfolio performance with the board. The portfolio has significantly underperformed its benchmark since inception, especially in 2007 when the portfolio return was -29.64% compared to -21.14% for the benchmark. The highest risk companies did best while the most stable companies had the worst results. In recent months companies with low valuations have done well, but good quality ones haven't. It was noted that the portfolio targeted tracking error is 2-1/2% to 4%. It was noted that there has been a dramatic disconnect in the small cap market between the model and the actual performance. Current research initiatives will focus on identifying financial statement risk factors and include developing factors related to credit risk and solvency analysis and pension funding implications. Major changes are being made in the financial model (50%-60%). M. Bélanger stated the board needs to be convinced that the model works and is in place; that it is not a work in progress. S. Ghosh will send timelines to M. Bélanger.

M. Bélanger asked if there were any social/environmental factors in the model – it was stated that clean energy is included and will benefit from government funding. There are no litigation issues and no issues have been raised through regular reviews.

S. Ghosh exited at 2:10 p.m.

Russell Review/Research: PanAgora is still ranked as a top quantitative firm by Russell, but quantitative firms have been “killed” during the current financial crisis. Many quantitative managers turned out to have very similar processes. As many of them tried to sell in 2007, they faced serious illiquidity issues. A. Birch asked for a synopsis of the Manager when there is a manager review.

D. Paribello left the room

3. Approval of May 27 Minutes:
Motion: L. Koza
Seconded: S. Foerster
Minutes approved with changes

Quorum was confirmed

4. Non-Bank ABCP Restructuring Implementation
a) M. Bélanger presented the PIMCO restructured note valuation report. The estimated value of our notes (which are of higher quality that the average notes) is $0.45on the dollar; this is a conservative assessment. Recent market activity in April/May saw two trades at $0.35 for A-1 notes. Bank of America / Merrill Lynch foresees some demand from potential buyers for the MAV II Notes, but no market foreseen for U.S. sub-prime exposures (the tracking notes 13).

S. Foerster noted that with the lack of any prospect of a liquid market that there could be a one time opportunity to offer to members to liquidate, not an opportunity to offer to liquidate on an annual basis. The key question for members is what is the current value? M. Bélanger reviewed the spread-loss triggers noting that the improving economy reduces the chance of the spread-loss triggers being hit and the value of the notes going down to nothing. He also reviewed potential economic scenarios for the value at maturity of the notes. Based on conservative assumptions and the information we have, members can reasonably expect to recupe around $0.75 for their notes.

b) A. Magahey circulated the revised draft plan amendments for the Retirement Plans and the UWO RIF and the timelines for implementation with an effective date of September 30, 2009. J. O’Brien expressed concerns that the timing needs to be reviewed so that it would not be perceived that the board is trying to ram through the amendment. A. Magahey stated that the Communication Plan had a feedback period from early July to early September and that this timing had been discussed with Faculty Relations. Meetings with the employee and union groups about the amendments would take place prior to the start of the feedback period.

3:00 pm. S. Foerster excused himself from the meeting – no Quorum

c) The Revised Liquidating Trust investment guidelines include the investment objective, the investment strategy, the permissible investments, the liquidation protocol and the performance standards. It was circulated for information purposes.

d) The Communication Plan was reviewed with the board. It includes the objectives of the plan, target audiences, key messages, timelines and actions, notice requirements as identified by collective/employee agreements and FSCO, the draft announcements, and FAQs.

Communications to members will be done through direct mailings and postings on a webpage being developed to provide members with regular updates and information.

J. O'Brien suggested hosting two separate seminars for members – one technical with extreme details and a second one that provides members with a simple overview.

3:30 p.m. J. O'Brien excused herself from the meeting

e) Restructuring Plan Audit

S. Hicock made the motion that KPMG be hired to perform the procedures listed below, as part of an audit of the transactions related to the University of Western Ontario restructuring its non-bank asset-backed commercial holdings. The cost of this work will not exceed $10,000 (excluding GST).

Seconded: L. Koza

Board members will vote via email

f) UWO Restructuring Plan Proposal

L. Koza made the motion that the Recommended Approach be:

i) carving out the Restructured Notes from the Diversified Equity Fund, Balanced Growth Fund, Balanced Income Fund, US Equity Hedged Fund and US Equity Unhedged Fund;

ii) transferring the Restructured Notes to the Liquidating Trust, thereby giving plan members direct holdings in the Liquidating Trust;

iii) merging the" B" funds with the original affected UWO funds;

iv) removing the redemptions restrictions on the UWO affected funds, with the exception of the Liquidating Trust; and

v) searching for a buyer for the Restructured Notes with the goal of providing those members and former members holding units of the Liquidating Trust the choice to sell their units in the event a buyer for the Restructured Notes is identified,

and the related proposed amendments to the pension plans be provided for comment to members and employee groups.

Seconded: K. Chelchowski

Board members will vote via email

5. Update on Canadian Equity Value Manager Search

It was agreed that a meeting in July was required to discuss this item

6. Other Business: none

Meeting Adjourned at 3:40

Moved: L. Koza

Seconded: S. Hicock