

LIQUIDATING TRUST MANAGER APPOINTMENT**FOR APPROVAL**

Recommendation: That Greystone Managed Investments (“Greystone”) be appointed manager for the Liquidating Trust Fund to provide 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

Background:

Since September 2007, Northwater Capital Management (“Northwater”) has served as the investment advisor for the Liquidating Trust. Northwater has agreed to remain the investment advisor on the portfolio until Western hires another manager. Having a registered investment advisor as the manager of the Liquidating Trust is consistent with our practice, prudent and a requirement for the Retirement Income Fund to comply with the securities exemption provided to Western in the MRRS decision document dated May 23, 2008 providing relief from prospectus and registration requirements under Canadian securities legislation.

Greystone was founded in 1988 and is headquartered in Regina, with additional offices in Toronto and Winnipeg. Greystone has been managing money for the Western Retirement Plans since January 2003, in a Canadian equity mandate. Greystone also has strong fixed income, mortgage and money market management capability, as they currently manage approximately \$9 billion in those asset classes combined.

Due to the very specialized nature of this mandate, the field of potential providers is very small. Greystone was selected for this mandate because of its existing relationship with Western and its extensive fixed income operations, although they are not involved directly in the non-bank ABCP market and the subsequent restructured notes.

The request for proposal sent by Western included the following descriptions of services sought:

- 1) Manage the Liquidating Trust as the University unwinds it, based on members’ directions;
- 2) Re-invest the cash generated by the notes;
- 3) Provide pricing for the notes; and
- 4) Monitor the market for MAV II notes:
 - a. provide updates on the spread-loss triggers

- b. provide updates the macro trading indices the triggers are based on
- c. review the risk of the notes.

We could not find a registered investment advisor that could provide all of the above services. As such the appointment of Greystone and a sub-advisor represents the best compromise. The sub-advisor will provide services to complement Greystone's offering.