

ATTENDANCE:

Present: Henry Hudek (Chair), Mike Emslie (Treasurer), Mark Betcher (Secretary), Colin Morrison (Vice-Chair), James Townsend, Barry Barske, Lorne Hilton, Ed Byard, Andrew Bendor-Samuel, Roberta Marsh, Murray Wiegand, Ray Erb

Regrets: Ron Youngson, Lorraine Parrington

Also In Attendance: Mary Anne Walls (Admin Support)

The purpose of this special meeting was to consider the DB Committee's recommendation for a new Canadian Equities manager replacing Foyston Gordon Payne (FGP).

M. Emslie indicated that the recommendation followed several months of discussions by the DB Committee as a result of dissatisfaction with our current manager. The primary driver for the change was the feeling that FGP has been managing in a manner inconsistent with their stated "value" management style. It was necessary to move its assets to another manager. The DB Committee had worked on the new manager search with Aon Hewitt. The Committee met with several prospective managers, and narrowed the field to four the Committee met with in person.

While any of the managers who were interviewed would have been a good choice, the Committee felt that ultimately, Beutel Goodman was the best choice for the Plan. They are a highly rated and highly regarded value manager in Canadian Equities and the interview as well as analysis of their holdings relative to their stated style convinced the Committee they are true to their stated style.

M. Emslie indicated that FGP is still managing the Fund's bond portfolio. The DB Committee will be discussing changes to the bond portfolio and at that time will also discuss whether it should be left with FGP or moved.

A discussion took place as to the type of information/documentation that should be presented to the Board in advance of dealing with Committee recommendations. It was pointed out that the Board has delegated certain functions to its Committees and that it is not necessary to provide the full Board with all the details. It was also noted that the amount and type of advance information going to the Board would depend on the degree of risk associated with the recommendation. In terms of the current recommendation, the risk is perceived as relatively low because we are replacing a manager with a manager that has a similar style and is buy rated by our advisor. In some other cases, such as a change to the DB SIPP, more information would be disseminated to the Board due to the greater degree of risk; asset allocation is a significant driver of risk and return in a portfolio. Also, it was noted that the minutes and materials for all the Board Committee meetings are readily accessible by all Board members on Civic Web. For the purpose of any Board activities that are anticipated to result in a recommendation, all Board members are welcome to participate and not just those on a specific Committee.

It is expected that the change to Beutel Goodman will likely take place within the next six weeks.

As there was no further business to come before the Board, the meeting was called adjourned.

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Chair

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Secretary