

**PENSION BOARD AGENDA**  
**THURSDAY, DECEMBER 18, 2008**  
**4:00PM**  
**LAW LIBRARY CONFERENCE ROOM, TOWN HALL**

1. Approval of Minutes and Actions of the Regular Meeting of November 20, 2008.
2. Acceptance of Pension Fund Status Report for the month of November 2008.
3. **CORRESPONDENCE/REPORTS**
  - A. GMO – Fixed Income Perspective
  - B. FIA – Barclays Capital Note on Fixed Income Indices
  - C. Pine Grove – Statement of Investment as of October 31, 2008
4. **ADVISORS REPORTS**
  - A. *Plan Actuary Reports*
    - *NONE*
  - B. *Investment Advisors Reports*
    - A. Defined Contribution Quarterly Review
  - C. *Plan Attorney Reports*
    - *NONE*
5. **OLD BUSINESS**
  - A. Update on Asset Re-Allocation/Investment Policy Revision
6. **NEW BUSINESS**
  - A. Qualification of a DRO for Christopher Passera
7. **RETIREMENTS**
  - *Michele Payne*, Assessment & Collection, Normal Retirement, \$1,706.96 a month, with no dependent option, effective December 1, 2008.
8. **ADJOURNMENT**

## REVISED MINUTES

### TOWN OF MANCHESTER, CONNECTICUT PENSION BOARD

#### MINUTES OF DECEMBER 18, 2008

**ATTENDEES:** Bette Copeland, Evelyn Livingston, Craig Lappen, Tom Crockett, Jan Johnson, Rob Huestis, Alan Desmarais, Dede Moore, Barbara Wengrzynek, and Mike Goss representing Fiduciary Investment Advisors LLC (FIA).

**CALL TO ORDER:** The meeting was called to order at 4:06PM by Rob Huestis, Chairman.

1. **APPROVAL OF MINUTES AND ACTIONS:** The minutes and actions of the Regular Meeting of November 20, 2008 were approved (Livingston/Johnson) 6-0.

2. **ACCEPTANCE OF THE ACCOUNT REPORT:** The Pension Fund Status Report for the month of November 2008 was approved (Crockett/Copeland) 6-0.

3. **CORRESPONDENCE/REPORTS**

A. Items of correspondence that were included on the agenda were reported as for information only by Alan. However, as a part of reports, the Board added an item by consensus and asked Mike Goss to provide an update on the exposure that the fund may have as a result of the investment by Meridian Fund of Funds in the Madoff Fund. Mike confirmed that the exposure was limited to 6% of the total invested with Meridian, or a range of \$200,000 to \$225,000. He also provided the following new information:

- As reported previously, the Madoff Fund has been audited by KPMG as of 8/08, an action which Meridian relied on as "due diligence" for the purposes of maintaining a position in that fund. However, Mike also noted that FIA uses 9 fund of funds managers as appropriate for its various clients' portfolios, and that 8 of those managers saw other warning signs or lack of transparency issues that resulted in them not investing in the Madoff Fund, with only Meridian Fund not observing those signs and issues. He confirmed that FIA would be meeting with Meridian at its headquarters in Albany, NY, later this month but that the current position of FIA is to recommend that its clients submit a notice of its intent to withdraw funds with Meridian. He will have a final position prepared for the January 22, 2009 meeting, but suggested that the Board take an action now to initiate termination, which takes 45-90 days to complete, with the idea that if for some reason Meridian is not to be terminated, the Board could reverse its action next month prior to actual redemption of funds. Based on this, the Board unanimously approved a motion to terminate investments with Meridian (Crockett/Livingston) 7-0.

- Mike then indicated that the sub-advisor through which Meridian actually invested in the Madoff Fund was a part of the Oppenheimer Group, which in turn is a subsidiary of Mass Mutual Life Insurance Inc. That firm has significant cash and other resources, and Mike feels it is possible that Mass Mutual will consider reimbursing investors who accessed Madoff Fund through its subsidiary in order to avoid negative publicity, and then take legal action against KPMG and others to recover as much of the losses as possible. He will have more information on these matters as well at the January 2009 meeting.

**Minutes of the December 18, 2008 Pension Board Meeting**

At the conclusion of the discussion, the Board also asked Alan Desmarais to meet with Town's counsel to fully inform them of current understanding of the Town's position and to take any additional actions it feels are required.

**4. ADVISORS REPORTS****A. Plan Actuary Reports**

- NONE

**B. Investment Advisors Reports -**

**a. Defined Contribution Quarterly Review** — Mike Goss presented the Defined Contribution Quarterly Review which is attached to the minutes of record.

**C. Plan Attorney Reports**

- NONE

**5. OLD BUSINESS**

**A. Update on Asset Re-Allocation/Investment Policy Revision** — Mike Goss verbally reported on the work completed to date by FIA in concert with Alan and Rob to prepare an update of Investment Policy and Asset Allocation rebalancing for Board consideration at the January 2009 meeting. The most likely focus will be on expanding use of World Asset Allocation Funds similar to GMO to increase "nimbleness" in achieving minor asset allocation adjustments as markets dictate, to consider some investment in commodities now that the asset class has declined so steeply in 2008, and to reduce exposure to US Equities. The Board also asked Mike to consider whether it would be advisable to take a short term position highly rated Asset Backed Securities, which are currently oversold and likely to be among the first asset classes to rebound as financial systems stabilize.

**6. NEW BUSINESS**

**A. Qualification of a DRO for Christopher Passera** — The DRO for Christopher Passera was removed from the agenda pending execution by the parties.

**7. RETIREMENTS**

- **Michele Payne**, Assessment & Collection, Normal Retirement, \$1,706.96 a month, with no dependent option, effective December 1, 2008.

This retirement was unanimously approved (Crockett/Johnson) 7-0.

**8. ADJOURNMENT:** The meeting was adjourned by consensus at 5:05PM (Crockett/Johnson) 7-0.

**TOWN OF MANCHESTER, CONNECTICUT  
PENSION BOARD**

**Actions of December 18, 2008 Pension Board Meeting**

- 08-34** Unanimously approved a Normal Retirement for *Michele Payne*, Assessment & Collection, for \$1,706.96 a month, with no dependent option, effective December 1, 2008.
- 08-35** The DRO for Christopher Passera was removed from the agenda pending execution by the parties.
- 08-36** A motion to give Meridian notice of our intent to close the account was unanimously approved.