

PENSION BOARD AGENDA
THURSDAY, MAY 28, 2009
4:00PM
LAW LIBRARY CONFERENCE ROOM, TOWN HALL

1. Approval of Minutes and Actions of the Regular Meeting of April 30 2009.
2. Acceptance of Pension Fund Status Reports for the months of March and April 2009.
3. **CORRESPONDENCE/REPORTS**
 - A. Letter from Meridian – First Quarter 2009 Report.
 - B. Letter from UBS Realty Investors
4. **ADVISORS REPORTS**
 - A. ***Plan Actuary Reports***
 - *NONE*
 - B. ***Investment Advisors Reports***
 - Defined Benefit Quarterly Report
 - Meridian Liquidation Schedule
 - C. ***Plan Attorney Reports***
 - *NONE*
5. **OLD BUSINESS**
 - A. Consideration to Terminate Pine Grove
 - B. Consideration of Two New Hedge Fund Managers – Grosvenor Capital Management and Aetos Capital
6. **NEW BUSINESS**
 - *NONE*
7. **RETIREMENTS**
 - ***Donald Poist***, Police Department, Normal Retirement, \$4,394.51 a month, with no dependent option, effective May 1, 2009.
 - ***Anna Podrebartz***, Board of Education, Normal Retirement, \$315.73 a month, with no dependent option, effective May 1, 2009.
 - ***Suzanne Ransom***, Board of Education, Normal Retirement, \$903.01 a month, with no dependent option, effective May 1, 2009.
8. **ADJOURNMENT**

**TOWN OF MANCHESTER, CONNECTICUT
PENSION BOARD**

MINUTES OF MAY 28, 2009

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

CALL TO ORDER: The meeting was called to order at 4:05PM by Rob Huestis, Chairman.

1. **APPROVAL OF MINUTES AND ACTIONS:** The minutes and actions of the Regular Meeting of April 30, 2009 were approved (Livingston/Lappen) 4-0.

2. **ACCEPTANCE OF THE ACCOUNT REPORT:** The Pension Fund Status Reports for the months of March and April 2009 were unanimously approved (Lappen/Johnson) 5-0.

3. **CORRESPONDENCE/REPORTS**

Items of correspondence that were included on the agenda were reported as for information only by Alan.

4. **ADVISORS REPORTS**

A. ***Plan Actuary Reports***

- *NONE*

B. ***Investment Advisors Reports -***

- **Defined Benefit Quarterly Report** — Mike Goss presented the quarterly report for the period January 1 through March 31, a copy of which is attached to the minutes of record. Mike also distributed a report of market value of assets as of May 19, 2009, which represented a significant increase in value during April and early May. This was in part due to the overall equities markets improvement, but also in large part due to the recent fixed assets investments in PIMCO Commodities Real Return fund, Loomis Investment Grade fund, and RW Seix High Income fund, all of which were purchased to take advantage of improvements in the credit markets. GMO also contributed to the improvement with its fixed assets strategy including TIPs. The quarterly report also included a summary of recent investment decisions and the degree to which they have been completed, which also led to a discussion of keeping a sizeable cash balance for both benefits distribution and liquidity purposes.

- **Meridian Liquidation Schedule** — Mike Goss reported that the liquidation of Meridian Fund of Funds investments was proceeding as planned. Thus far 43% of total asset value has been received, with an additional 47% to be gradually deposited in a separate fund as further investments are liquidated over the balance of the current calendar so that the fund will not be required to sell investments at a disadvantageous time. Meridian's stated goal is to provide a total of 90% of the liquidation proceeds by December 31, 2009, with the remaining 10% being the normal 12-month holdback.

C. ***Plan Attorney Reports -***

- *NONE*

Minutes of the May 28, 2009 Pension Board Meeting**5. OLD BUSINESS**

A. **Consideration to Terminate Pine Grove** — The Board made a motion to terminate Pine Grove which was unanimously approved (Lappen/Livingston) 5-0. While Pine Grove has been a well performing fund, FIA was concerned that Pine Grove has not yet created an acceptable transition plan for the inevitable departure of Art Williams. Mike Goss also reviewed the timing for receiving liquidated proceeds, which will be late in 2009 but with the standard one-year hold back of 10% of shares value.

B. **Consideration of Two New Hedge Fund Managers – Grosvenor Capital Management and Aetos Capital** — The Board unanimously approved to retain both Grosvenor Capital Management and Aetos Capital and finance Aetos first with \$1,000,000 from the portfolio proceeds from termination of the current hedge funds (Lappen/Johnson) 5-0. The Board's discussion leading to this action resulted in a stated goal of eventually investing a total of 8% of total funds in a combination of Grosvenor Capital Management and Aetos Capital.

6. NEW BUSINESS

- The Board passed a motion to add to New Business the consideration of continued investment in the securities lending from State Street Global bonds and equities index funds (Lappen/Moore) 5-0. The discussion that followed compared the advantage of remaining in that investing format (3-5 basis points of income) with the disadvantage of limited liquidity given the SSGA policy of redeeming 4% maximum of a position per month in the securities lending fund model. During the discussion, Mike Goss pointed out that there would be no market exposure should the Board decide to transfer within SSGA equivalent funds because the action would be a backroom transfer accomplished instantaneously at the end of a business day. At the conclusion of discussion, the Board unanimously approved a motion to begin transfer of all investments in SSGA securities lending index funds and, as proceeds are available monthly consistent with SSGA limited redemption policies, to invest in the SSGA non-securities lending based index fund equivalents (Lappen/Moore) 5-0.

7. RETIREMENTS

- **Donald Poist**, Police Department, Normal Retirement, \$4,394.51 a month, with no dependent option, effective May 1, 2009.
- **Anna Podrebartz**, Board of Education, Normal Retirement, \$315.73 a month, with no dependent option, effective May 1, 2009.
- **Suzanne Ransom**, Board of Education, Normal Retirement, \$903.01 a month, with no dependent option, effective May 1, 2009.

These retirements were unanimously approved (Livingston/Moore) 5-0.

ADJOURNMENT: The meeting was adjourned by consensus at 5:05PM (5-0).

**TOWN OF MANCHESTER, CONNECTICUT
PENSION BOARD**

Actions of May 28, 2009 Pension Board Meeting

- 09-12** Unanimously approved a Normal Retirement for *Donald Poist*, Police Department, for \$4,394.51 a month, with no dependent option, effective May 1, 2009.
- 09-13** Unanimously approved a Normal Retirement for *Anna Podrebartz*, Board of Education, for \$315.73 a month, with no dependent option, effective May 1, 2009.
- 09-14** Unanimously approved a Normal Retirement for *Suzanne Ransom*, Board of Education, for \$903.01 a month, with no dependent option, effective May 1, 2009.
- 09-15** Unanimously approved a motion to terminate Pine Grove.
- 09-16** Unanimously approved a motion to transfer all investments in State Street Global Advisors securities lending index funds and, as proceeds are available monthly consistent with State Street Global Advisors limited redemption policies, to invest in the State Street Global Advisors non-securities lending based index fund equivalents.
- 09-17** Unanimously approved to retain both Grosvenor Capital Management and Aetos Capital and finance Aetos first with \$1,000,000 from the portfolio proceeds from termination of the current hedge funds.