

**PENSION BOARD AGENDA**  
**THURSDAY, NOVEMBER 20, 2008**  
**4:00PM**  
**LAW LIBRARY CONFERENCE ROOM, TOWN HALL**

1. Approval of Minutes and Actions of the Special Meeting of October 30, 2008.
2. Acceptance of Pension Fund Status Report for the month of October 2008.
3. **CORRESPONDENCE/REPORTS**
  - A. GMO – Investment Review as of October 31, 2008
4. **ADVISORS REPORTS**
  - A. *Plan Actuary Reports*
    - 2008 Plan Valuation
  - B. *Investment Advisors Reports*
    - A. Defined Benefit Quarterly Review
  - C. *Plan Attorney Reports*
    - *NONE*
5. **OLD BUSINESS**
  - *NONE*
6. **NEW BUSINESS**
  - A. GMO Conference Call/Presentation
7. **RETIREMENTS**
  - *NONE*
8. **ADJOURNMENT**

**TOWN OF MANCHESTER, CONNECTICUT  
PENSION BOARD**

**MINUTES OF NOVEMBER 20, 2008**

**ATTENDEES:** Tom Crockett, Bette Copeland, Evelyn Livingston, Craig Lappen, Jan Johnson, Rob Huestis, Alan Desmarais, Dede Moore, Barbara Wengrzynek, Mike Goss representing Fiduciary Investment Advisors LLC (FIA), and Maryann Grimm and Edmund Bellord (via conference call) representing GMO, and Althea Schwartz representing Milliman USA.

**CALL TO ORDER:** The meeting was called to order at 4:12PM by Rob Huestis, Chairman.

1. **APPROVAL OF MINUTES AND ACTIONS:** The minutes and actions of the Special Meeting of October 30, 2008 were approved (Livingston/Johnson) 4-0.

2. **ACCEPTANCE OF THE ACCOUNT REPORT:** The Pension Fund Status Report for the month of October 2008 was approved (Johnson/Copeland) 4-0.

3. **CORRESPONDENCE/REPORTS**

A. GMO- Investment Review as of October 31, 2008 — For informational purpose.

4. **ADVISORS REPORTS**

A. *Plan Actuary Reports*

- **2008 Plan Valuation** — Althea Schwartz presented the 2008 Plan Valuation which is attached to the minutes of record. Her presentation included reference to the recent significantly negative market performance, and reminded the Board that because the concept of “smoothing”, or recognizing only a portion of any one year’s investment performance at a time, the valuation tends to avoid precipitous changes in actuarial value or percent fundedness. For the fiscal year ended June 30, 2008, that percentage remained relatively constant at over 87%, and she confirmed that such a level of funding made the Plan quite financially sound. She did however, observe that without a large market recovery prior to June 30, 2009, the negative market will impact the next valuation to a greater extent. Alan Desmarais also advised the Board that he had briefed the Board of Directors on the results of the current valuation and the potential for the next one, and reminded them that the next valuation will impact the FY2010-11 employer contribution level. Althea concluded her presentation by advising the Pension Board that within the next several years the Board will need to adjust the valuation to newer mortality projections, which will likely also increase employer contribution requirements, but also observed that the move to a DC plan for new employees has a favorable impact and mitigates the overall budgetary impact.

B. *Investment Advisors Reports -*

a. **Defined Benefit Quarterly Review** — Mike Goss presented the Defined Benefit Quarterly Review which is attached to the minutes of record. As a part of his presentation, Mike also advised the Board that the action the Board took in October to redirect fixed income dividends from reinvestment to distributions for cash flow purposes presents a problem for the State Street index fund, and that he will likely recommend that the investment be transferred to the Vanguard fixed income index fund, which does permit periodic dividend distributions. Finally, Mike reported that he had met with Alan Desmarais and Rob Huestis to discuss plans to rebalance asset allocation, and possibly reset investment class minimums and maximums, and that he will present a report for consideration by the January 2009 meeting.

**Minutes of the November 20, 2008 Pension Board Meeting**

- C. ***Plan Attorney Reports***
  - *NONE*

- 5. **OLD BUSINESS**
  - *NONE*

- 6. **NEW BUSINESS**

- A. **GMO** — Maryann Grimm and Edmund Bellord presented an update of the performance and current holding of GMO. A copy of the complete report is attached to the minutes of record.

- 7. **RETIREMENTS**
  - *NONE*

- 8. **ADJOURNMENT:** The meeting was adjourned by consensus at 5:50PM (Livingston/Johnson) 4-0.

**TOWN OF MANCHESTER, CONNECTICUT  
PENSION BOARD**

**Actions of November 20, 2008 Pension Board Meeting**

No actions taken.