

I. Roll Call:

- A. Members Present
 - 1. Paul Schroder
 - 2. Frank Davis
 - 3. Sarah Kannas
 - 4. Jerald Navick
 - 5. Joanne Philbrick
 - 6. James Tetreault, Alternate (non-voting member)
- B. Members Absent
 - 1. John A John, Alternate
 - 2. Richard Benoit, Alternate
- C. Others Present
 - 1. Thomas Dawkins, Human Resources Director
 - 2. Donna DesSureau, Secretary
 - 3. Brian Curtin, City Treasurer
 - 4. Joseph Ruffo, Comptroller (late arrival)
 - 5. Marc Shegoski, Sr. Vice President, Investments, UBS Financial Services
 - 6. Ashley Martella, Account Vice President, Advisory & Brokerage Services, UBS Financial Services

II. Minutes

- A. Minutes of Personnel & Pension Board Meeting held on 11/18/2008. As this is a Special/Investment meeting, the minutes were not passed out and will be reviewed at the next Regular Personnel & Pension Board Meeting on 1/20/2009.

III. New Business

- A. Discussion with Marc Shegoski, Sr. Vice President, Investments, UBS Financial Services regarding the status of the City's real estate investments, and a portfolio review. Marc Shegoski first asked Secretary Donna DesSureau if there were any ongoing concerns regarding the payment of the retiree checks. She reported that there were hardly any complaints, and that Kathy Garvin, Account Manager at Wilmington Trust mentioned several new website enhancements coming in January 2009. Brian Curtin mentioned that the current check registers are not acceptable. Marc mentioned that the technical staff would create anything necessary to keep the City happy. Mr. Shegoski mentioned that the Federal Reserve would be cutting interest rates in the near future, but that lending is tight. He also mentioned that 70%-80% of mortgage lending at this point is being done by 5 large regional banking institutions, which tightens things up even more. He stated that the rate of return on Treasury Notes is negative, and discussed the downturn of the stock market and its implications. He stated that he felt that there would be a problem with commercial real estate holdings in the future. The City has exposure to this with the Russell Real Estate Fund. His recommendation was that the City should take 50% of the Russell Real Estate holdings and redistribute them. The current deadline to make this decision is December 12th. If not done, the next open window would be on March 12th, 2009. Ashley Martella passed out an investment performance report for the 3rd quarter of 2008. He talked about the decline of Bond funds by 15%-20% in this quarter, which tended to perform well in the past during lean times. He mentioned that the portfolio for the year is down 13%, and that in a fear-based environment, investors seek to be compensated for any degree of risk. When that happens, anything with an element of risk will suffer. He recommended that the portfolio be balanced back to the target amounts. He mentioned that the City did not have a significant risk except for the commercial real estate, and did expect a downturn with this; so

the recommendation is to sell 50% of the Russell Real Estate holdings and redistribute them proportionately, according to the current allocation split. Motion made by Paul Schroder; seconded by Frank Davis to sell 50% of the Russell Real Estate holdings. All in favor. Motion made by Paul Schroder; seconded by Frank Davis to rebalance the portfolio proportionately to the targeted allocation percentages. All in favor.

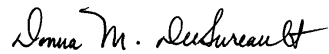
B. Medical bills for payment - No business under this item.

IV. Old Business - none discussed at this Special/Investment meeting - postponed until the next Regular P&P Board meeting on 1/20/2009.

V. Adjournment

1. Motion by Paul Schroder; seconded by Sarah Kannas to adjourn the meeting. All in favor. Meeting adjourned at 7:36 P.M.

Respectfully submitted,



Donna DesSureau, Secretary