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Meeting Number 221
The Advisory Committee of the
Pension Benefit Guaranty Corporation
September 15, 2010

Attendance

Advisory Committee Members:

B. Jack Miller

34 Crooked Mile Rd.
Darien, CT 06820

Dana M. Muir

Stephen M. Ross School of Business
University of Michigan
701 Tappan Street
Ann Arbor, MI 48109

David M. Strauss

1330 Bayview Court
Bismarck, ND 58504

John J. Szczur

Central Pension Fund – Int'l Union of
Operating Engineers & Participating Employers
11022 Ardwick Drive
Rockville, MD 20852

Investment Report
(October 31, 2010)

Quarterly Executive Summary
(September 30, 2010)

Articles

Pension Benefit Guaranty Corporation

Josh Gotbaum, Director
Vince Snowbarger, Deputy Director Operations
Judith Starr, General Counsel, Office of the General Counsel (OGC)
Joseph Shelton, Special Counsel, OGC
Melody Chestnut, Special Assistant to the Deputy Director
Patricia Kelly, Chief Financial Officer
John Greenberg, Chief Investment Officer (CIO)
Anthony Clark, Deputy CIO
Mark Calisti, Lead Financial Analyst,
Corporate Investments Department (CID)
James Fleming, Lead Financial Analyst, CID
Mary Biegel, Financial Analyst, CID
Benjamin Foster, Financial Analyst, CID
Constance Hartwig, Financial Analyst, CID
Michael La Tona, Financial Analyst, CID
Terry Deneen, Chief Insurance Program Officer
Dave Gustafson, Director, Policy, Research and Analysis Department
Jim Bloch, Program Analyst, Legislative and Regulatory Department

Representatives of the Secretary of Labor

Phyllis C. Borzi, Assistant Secretary of Labor for Employee Benefits Security
Hilary Duke, Division Chief, Office of Policy & Research (OPR)
Constance Donovan, Employee Benefits Law Specialist, OPR

Representatives of the Secretary of Commerce

Rebecca M. Blank, Under Secretary for Economic Affairs
Jane Molloy, Director, Office of Policy Development (OPD)
Sabrina Montes, Economist, OPD

Representative of the Secretary of the Treasury

Philip Quinn, Senior Policy Analyst, Office of Financial Institutions

Wilshire Associates

Stephen Marshall, Managing Director
Justin Wisner, Senior Associate

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1. Opening Remarks

Mr. Strauss called the meeting of the Advisory Committee (Committee) to order at 9:00 a.m. The Committee unanimously approved the minutes of the July 21, 2010, meeting. Mr. Strauss welcomed Mr. Gotbaum and recognized him for the Director's report.

2. Josh Gotbaum, Director:
Director's Report

Mr. Gotbaum expressed his pleasure in joining PBGC and discussed his initial impressions of the agency.

3. John Greenberg, Chief Investment Officer:
PBGC Investment Program

Mr. Greenberg reviewed PBGC's investment performance as of August 31, 2010. The Committee and staff discussed (1) PBGC's monthly cash levels and the process the Corporate Investments Department uses to determine the appropriate level, (2) the hiring of new investment managers and their increased number of mandates, and (3) the use of appropriate benchmarks for reviewing investment performance.

Mr. Greenberg noted a number of actions taken to enhance risk management within the portfolio. First, individual manager concentration continues to decline as new managers are appointed. Second, the recent RFP will lead to greater diversification of fixed income mandates.

4. Josh Gotbaum, Director:
Investment Policy Review

Mr. Gotbaum discussed his initial impression of the issues involved in reviewing PBGC's investment policy and responded to questions from Committee Members. Mr. Gotbaum stated that he hoped a policy would be adopted by the end of the calendar year.

5. Terry Deneen, Chief Insurance Program Officer;
Dave Gustafson, Director, Policy, Research and Analysis Department:
Multiemployer Program

Mr. Deneen discussed the history of PBGC's multiemployer program and the reasons for the current funding difficulties of multiemployer plans.

Mr. Gustafson discussed the development of the Multiemployer-PIMS program in

2009 to gather more data about the state of multiemployer plans. He also noted that 2010 will be the first year that the PBGC receives employer data (2008 information) which should enhance modeling and analytical research.

Committee Members also discussed legislative activity and interest in multiemployer plans.

6. James Fleming, Lead Financial Analyst, Corporate Investments Department:
Asset Class Review – Fixed Income

Mr. Fleming reviewed PBGC's fixed-income investment program. He discussed the procurement process for investment managers and explained that PBGC is hiring managers that are competent in more than one style of investing.

In response to a Committee Member's question concerning whether the new financial services reform bill would affect PBGC's investments, Mr. Fleming and Ms. Starr agreed that there would be an impact and that PBGC was exploring the issues.

7. Adjournment

The meeting adjourned at 2:50 p.m.

Action item:

1. Briefing on Securities Lending audit recommendations after they are implemented (Greenberg)
2. Percentage of plans that are paying the variable-rate premium (Kelly)

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