

CITY EMPLOYEES RETIREMENT FUND BOARD

MINUTES

December 16, 2010

- PLACE:** City Hall
200 Orange Street
Dept. of Finance Conference Room
New Haven, Connecticut 06510
- PRESENT:** Jerry Sagnella, Chairman
Thomas Cama
John Varrone, Members' Representative
Mark Pietrosimone, Secretary
- ABSENT:** Mayor John DeStefano, Jr.
- ALSO PRESENT:** Joann Giri, Benefits Auditor
Tim Ryor, Hooker and Holcombe
Derek Ciampini, Ameriprise
Leslie Williams, Ameriprise
Wendy Coppola, Ameriprise

Mr. Sagnella convened the meeting at 10:05 a.m.

1. APPROVAL OF MINUTES

Mr. Varrone moved the approval of the minutes from the meeting of November 18, 2010, as amended; Mr. Cama seconded, and the vote was unanimous.

2. NEW PARTICIPANTS – INFORMATION ONLY

The Board reviewed the information under Item 2.

3. DEATH OF SURVIVOR – INFORMATION ONLY

The Board reviewed the information under Item 3.

4. AGE ANNUITY RETIREMENT - INFORMATION ONLY

The Board reviewed the information under Item 4.

5. PAYMENT OF BILLS

Mr. Cama made a motion to approve payment of the bills in Item 5; Mr. Varrone seconded and the vote was unanimous.

6. ADMINISTRATIVE MATTERS

There was no discussion under this item.

7. SCHEDULE OF MEETINGS

Mr. Pietrosimone made a motion to approve the 2011 Schedule of Meetings; Mr. Varrone seconded, and the vote was unanimous.

8. INVESTMENT REVIEW

Mr. Ciampini stated that Evergreen International Bonds(now Wells Capital Management) was bought by Wells Fargo. He noted that Attorney Freilich reviewed the new Wells contract; they have agreed to her proposed changes. It is ready to be executed. Since this was already approved by the trustees it can now be signed by Mr. Sagnella. Logan Circle, emerging market bond manger, was hired a few months ago; Sharon has finished her review and the contract is ready to be approved by trustees. Mr. Ciampini would like to have them funded by January 1st.

Mr. Cama asked when the trustees voted to hire these managers. Mr. Ciampini responded about 3 or 4 months ago. Mr. Cama expressed his concern that 3 months ago when they voted to hire these managers the market environment was different han it is today. Mr. Sagnella added that the fund can lose money by waiting an unreasonable amount of time for contract review. Mr. Ciampini did note that when they make investment decisions they do have a long time frame in mind; however, there was some lost opportunity due to the delay. These are still good investments even though there was some loss.

Mr. Sagnella stated he will inform Brenner, Saltzman and Wallman that they have to speed up the process for these time sensitive issues; he will highlight the fact that it has an impact on the investments and the ability to execute contracts on a timely basis.

Mr. Ciampini stated the trustees hired Pimco several months ago as an emerging market bond manager. Attorney Freilich reviewed the contract and it is ready to be signed. Mr. Cama asked why that was a four month process.

Mr. Ciampini hopes to have both Logan Circle and Pimco funded by January 1, 2011. Mr. Ciampini wants to set up a telephone conference with Morgan Stanley. Mr. Sagnella would prefer a meeting.

For the month of November the fund was down .6% versus the index at -1.2%. Year to date the fund is up 8.4% versus 6.6% for the index. The Dow Jones was up 8.2% and the S&P was up 7.6% year to date; the fund is outperforming equities with 50% of the equity exposure and less risk.

Equity managers have done a stand out job year to date. Aletheia Large Cap Value was up 11.8% versus 7.1% for the index. Neuberger Berman was up 10.5% versus 7.1%. Aletheia Large Cap Growth was up 17.2% versus 10.6% for the index. Neuberger Berman Large Cap Growth was up 10.3% versus 10.6% for the index. Munder was up 21% versus 19% for the index. NCM was up 15% versus 17% for the index. Paradigm was up 16.6% versus 17.5% for the index. Artio Global was up 2.7% versus 3.1% for the index; Mr. Ciampini noted if Artio used a different benchmark they would not be doing

as badly. Wentworth, Hauser & Violich was up 8.7% versus .1% for the benchmark. Glovista was up 6.2% versus 6.9% for the benchmark. Total equities are up 11.2% year to date versus 8.4% for the benchmark. For fixed income and alternatives year to date Emerald was up 6.6% versus 7.2% for the benchmark. Pimco was up 9.9% versus 7.7%. Penn Capital defensive high yield is up 14.9% versus 13.2% for the benchmark. Israel Bonds is up 3.1% versus 8%. Evergreen (Wells Capital) International Bonds is up 5.4% versus 2.1% for the benchmark. Strategic is up 8.8% versus 2%. Total fixed income is up 8.4% versus 6%. In Alternatives Natixis Alpha Simplex was down .5% versus 3%. Index IQ was up .6% versus 2.8%. W.P. Carey was up 12.7% versus 8.1% for the benchmark. For managed futures year to date Millburn Global Macro Trust was down 3.6% versus 3.8% for the index and Grant Park was at 0% versus 1% for the benchmark. Mr. Ciampini stated they want to prepare for inflation or the risk of inflation before it occurs. The fund is positioned decently for the risk of inflation. As a team they feel that interest rates are going to stay low for an extended period of time.

Mr. Williams showed the trustees a map of underfunding in terms of pensions; this is a reminder that it is not just Connecticut but the entire U.S. that struggles with this issue. Connecticut is at 62%. Mr. Ryor stated all funds are combined in that number. Mr. Ciampini stated there is a list of different states that are changing things, increasing contributions, decreasing assumed returns, or decreasing benefits.

Mr. Williams stated there is less risk in emerging markets. The current economy is pushing almost one half in emerging markets; the world is shifting. Money flows towards emerging markets. Mr. Williams stated globally emerging market debt is now perceived as being safer than most developed countries.

The meeting adjourned at 11:20 a.m. on a motion by Mr. Pietrosimone and seconded by Mr. Cama and the vote was unanimous.

The next meeting is scheduled for Thursday, January 20, 2011 at 10:00 a.m.

ATTEST:

Secretary