

CITY EMPLOYEES RETIREMENT FUND BOARD

MINUTES

October 27, 2011

- 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
Michael O'Neil, Acting Secretary
- ABSENT:** Mayor John DeStefano, Jr.
- ALSO PRESENT:** Joann Giri, Benefits Auditor
Derek Ciampini, Ameriprise
Leslie Williams, Ameriprise
Wendy Coppola, Ameriprise
Patricia Solomon

Mr. Sagnella convened the meeting at 10:03 a.m.

1. APPROVAL OF MINUTES

Mr. Cama moved the approval of the minutes from the meeting of September 15, 2011 as amended; Mr. Varrone seconded and the vote was unanimous.

2. DEATH AFTER RETIREMENT – 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. WITHDRAWALS - INFORMATION ONLY

The Board reviewed the information under Item 4.

5. AGE ANNUITY RETIREMENTS - INFORMATION ONLY

The Board reviewed the information under Item 5.

6. DISABILITY ANNUITY RETIREMENTS - SERVICE CONNECTED

Mr. Varrone made a motion to go into Executive Session at 10:05 and allow Joann Giri to remain present and for Dan Roche, in his capacity as Workers' Compensation Supervisor, to be part of the discussion; Mr. Cama seconded, and the vote was unanimous.

Mr. Cama made a motion to go back into Public Session at 10:30; Mr. Varrone seconded, and the vote was unanimous.

a) Criscio, Marc

Mr. Varrone made a motion to approve a service connected disability retirement for Marc Criscio; Mr. Cama seconded, and the vote was unanimous.

a) Newton, Joann

Mr. Varrone made a motion to table Joann Newton's application for service connected disability retirement pending further medical information; Mr. Cama seconded, and the vote was unanimous.

7. PAYMENT OF BILLS

Mr. Cama made a motion to approve payment of the bills in Item 7; Mr. Varrone seconded and the vote was unanimous.

8. ADMINISTRATIVE MATTERS

a) Refund of Social Security (SS) Offset to CERF Retirement Benefit:

Mr. Sagnella explained that employees of the New Haven Special Fund Redevelopment Agency (RA) were initially paying into Social Security (SS) with matching withholding tax contributions paid by the employer City of New Haven (CNH). The RA was then assumed into the city General Fund and its employees offered the options to either remain in SS, or, cease SS participation and enter the City Employees' Retirement Fund (CERF).

Those employees who opted to cease SS participation and entered the CERF fund were allowed to purchase their prior SS employment and receive CERF pension credit for that period of time.

When these employees retired with a CERF benefit they had in effect received double employer paid matching credit; credit for SS and CERF. At the time there was a pension provision which imposed an offset to the retiree's CERF benefit for any period of time the City paid both Pension and SS matching funds. Their monthly CERF pension benefit would be reduced by that portion of their monthly SS benefit that was funded by matching CNH employer taxes. This offset was applied to about six retirees.

These retirees challenged the CERF pension offset to the Connecticut Department of Labor through a prohibitive practice claim. The presiding state arbitrators ruled in favor of the employees and ordered that the CNH could not impose this CERF retirement offset in consideration of their SS benefits since the CNH had not in fact subsidized the employer matching SS withholding tax contributions. The arbitrators ruled that the employer SS matching contributions did not emanate from local New Haven general fund

municipal tax dollars, but rather was paid from special fund grant monies. The City had to research other retirees that were offset; they removed the offset and refunded these retirees retroactively.

Shirley Goglia, a survivor annuitant had the CERF/SS offset applied to her CERF benefit and is therefore entitled to a refund of \$28,862.26 for the social security offset that was imposed on her survivorship benefit.

Although this payment is administrative in nature and does not require a vote, Mr. Sagnella wanted the trustees to be aware of this refund.

9. EXECUTIVE SESSION – CLASS ACTION LAWSUIT AGAINST ATLANTIC & PACIFIC COMPANY (A&P)/CERF AS LEAD LITIGANT

Mr. Cama made a motion to go into Executive Session at 11:00 a.m., allowing Joann Giri, Attorney David Schaeffer, Derek Ciampini, Wendy Coppola, Leslie Williams, Sandra Stein, Esquire, Laura Stein, Esquire and Evan Kaufman, Esquire to remain present due to their professional relevance to the issue; Mr. Varrone seconded and the vote was unanimous.

Mr. Cama made a motion to come out of Executive Session at 11:30 a.m.; Mr. Varrone seconded, and the vote was unanimous.

Mr. Cama made a motion to have the CERF trustees assume the status of lead plaintiff or co-lead plaintiff in a class action lawsuit to recover assets from CERF investment entity A&P filed through Robbins Geller Rudman & Dowd; Mr. Varrone seconded, and the vote was unanimous.

7. INVESTMENT REVIEW

Mr. Ciampini informed the trustees that Sharon Freilich reviewed and approved the Herndon Capital contract.

Mr. Cama made a motion to accept Herndon Capital as Large Cap Value Manager in the amount of approximately \$11 million; Mr. Varrone seconded, and the vote was unanimous.

Mr. Ciampini stated they are looking to fund Herndon effective November 1st.

Mr. Ciampini stated that although performance was down through September 30th, the fund was down less than the equities markets.

The current portfolio allocation is 44% equities, 35% fixed income and 20% alternatives and 1% cash. The total fund is down \$9.8 million for the month.

Mr. Williams stated that for September it was difficult to dodge volatility; that back and forth will probably continue until there is a real resolution to the problem. Everybody knows what needs to be done but has not been doing it. The issue is not they do not know what to do it is politically they do not know how to go about doing it.

Mr. Ciampini stated the portfolio is well balanced to try to make money where we can in a difficult environment.

The meeting adjourned at 12:30 p.m. on a motion by Mr. Cama and seconded by Mr. Varrone and the vote was unanimous.

The next meeting is scheduled for Thursday, November 17, 2011 at 10:00 a.m.

ATTEST:

Secretary