

**DRAFT
POLICEMEN AND FIREMEN'S PENSION FUND BOARD**

MINUTES

NOVEMBER 19, 2009

PLACE: Hall of Records
200 Orange Street
New Haven, Connecticut 06510

PRESENT: James Kottage, Fire Union Representative, and Chairman
Richard Epstein, Police Commissioner
Theodore Brooks, Police Commissioner
Wendy Mongillo, Fire Commissioner
Frank Lombardi, Police Union Representative
George Longyear, Fire Commissioner

ABSENT: Mayor John DeStefano, Jr.
Mark Pietrosimone, Clerk

ALSO PRESENT: Jerome Sagnella, Payroll/Pension Administrator
Carol Chiappone, Benefits Auditor
Larry Gray, Gray and Company
Tim Ryor, Hooker & Holcombe
Art Assante, Hooker & Holcombe

Chairman Kottage convened the meeting at 8:15 a.m.

1. APPROVAL OF MINUTES

Comm. Epstein made a motion to approve the minutes from the October meeting; Comm. Lombardi seconded, and the vote was unanimous.

2. AGE ANNUITY RETIREMENTS – FOR INFORMATION ONLY

- A) CALAFIORE, JEAN MARC - POLICE**
- B) SIMMOMS, SUSIE – POLICE**

This item was for information only.

3. DISABILITY ANNUITY RETIREMENT – SERVICE CONNECTED/AGE

- A) FOSTER, ROBERT – FIRE**
- B) ILLINGSWORTH, MICHAEL - POLICE**

This item was for information only. Mr. Foster and Mr. Illingworth have applied for a service connected disability. These reports have not been received as of yet.

4. **PAYMENT OF THE BILLS**

Comm. Brooks made a motion to approve the payment of the bills with the exception of Brenner, Saltzman and Wallman; Comm. Longyear seconded and the vote was unanimous.

5. **ADMINISTRATIVE MATTERS**

A) EXECUTIVE SESSION – DISCUSSION OF STRATEGY AND NEGOTIATIONS WITH RESPECT TO PENDING LITIGATION

Comm. Brooks made a motion to enter into executive session for the purpose of discussing strategy and negotiations regarding pending litigation – Fanfarelli; Comm. Epstein seconded and the vote was unanimous. Chairman Kottage requested that Mr. Jerome Sagnella remain in the meeting.

Comm. Brooks made a motion to come out of executive session. Comm. Mongillo seconded and the vote was unanimous.

Comm. Brooks made motion to enter into executive session for the purpose and of discussing pending litigation and claims; Chairman Kottage requested that Mr. Jerome Sagnella and Att. Carolyn Kone and Att. Kathleen Foster remain in the meeting. Comm. Longyear seconded and the vote was unanimous.

Comm. Brooks made a motion to enter into an agreement with National Union Fire Insurance Company in Pittsburgh, Pennsylvania under which the National Union Fire Insurance Company of Pittsburgh, Pennsylvania will pay all outstanding legal bills incurred up until the date on which they notified the Pension board that would no longer be paying for the defense of the Fanfarelli matter (expenses of approximately \$11,600.00) and the National Union Fire Insurance Company in Pittsburg, Pennsylvania will give the Pension board a release with respect to the legal bills that it has paid to date for the Fanfarelli matter (approximately \$27,000), and, in turn, the Pension Board will give the National Union Fire Insurance Company a release with respect to any obligations that they may have to defend or indemnify the pension board or its member or its administrator with respect any claims brought by Gerald Fanfarelli and any claim brought by Julie Raymond. Comm. Longyear seconded and the vote was unanimous.

Comm. Brooks made a motion in the event that a global settlement is able to be reached with Gerald Fanfarelli that the Pension Board authorize Carolyn Kone to withdraw the Freedom of Information appeal without costs to any party which the Pension Board initiated with respect to the Gerald Fanfarelli case. Comm. Longyear seconded and the vote was unanimous.

7.

INVESTMENT REPORT

Mr. Peter Palanjian and Mr. Devin Sullivan of Intercontinental entered the meeting.

Mr. Sullivan stated that they are located in Boston, Massachusetts and have a fifty year history. They work on behalf of over 50 police and fire pension funds over the country. Peter Palanjian is owner and CEO of the firm.

Mr. Palanjian stated that Intercontinental's core business is private equity real estate investment management and advisory services. They currently have over \$2.4 billion under management and have a lot of longevity. They have 150 to 200 institutions that are invested in their funds. He further reviewed two current highly successful deals with Yale New Haven Hospital in New Haven. The fund they are investing in is a very different fund. It is an opened ended fund with quarterly redemptions with no lock-out period. It is an open ended commingled investment vehicle with a multi-disciplinary investment strategy targeting an average annual cash yield of 6-8% and a total return of 10%. You take it as cash every quarter or you can go into their drip program. He added that with 80% of they are going to buy cash flow properties.

They used lower leverage in this fund with 50% debt. Every building will get appraised every quarter and gets third party appraised every year. Therefore 25% of the portfolio gets appraised every quarter. The debt also is appraised every quarter. They have \$124 million in undrawn commitments. They have only bought one deal in the last six months. They are being patient right now because they believe there will be better deals six months from now.

Mr. Palanjian further discussed their investment process stating that they source deals entrepreneurially. They like to purchase half of their deals through a network of lawyers and joint venture partners. They have led the industry in performance for the past two quarters. They have a \$2 million minimum investment. They take their asset management between 75 and 110 basis points depending on investment. Annual management fee is paid on drawn capital only. Members will receive a preferred return to 8% per annum, thereafter, 80% to the member and 20% to the manager. Performance fee shall be calculated and adjusted on an annual basis, subject to a reserve/clawback.

Mr. Gray reviewed the capital market report stating that the recovery is going to be slow. Factors contributing to the meager expansion include high unemployment rates and impaired consumers. Interests are low and will remain low. This has already had a psychological effect on the market place.

Mr. Gray further reviewed the executive market summary. The total fund as of September 30, 2009 was \$261.4. The plan return was 11.97% for the third quarter versus the policy benchmark return of 11.83%. The was period where every manager performed well. Mr. Gray stated that this was the advantage of having active managers. The international

managers also performed well. Alternatives the fund is experiencing the traditional “ J “ curve.

The next regular meeting has been scheduled for November 19, 2009 at 8:00 a.m. in the Controller’s Conference Room.

The meeting adjourned at 10:00 a.m. on a motion made by Comm. Brooks and seconded by Comm. Mongillo.

ATTEST:

Mark Pietrosimone, Clerk

