

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

MINUTES

DECEMBER 17, 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
Bob Hubbard, Gray and Company

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

1. APPROVAL OF MINUTES

Comm. Brooks made a motion to approve the minutes from the November meeting; Comm. Longyear seconded, and the vote was unanimous.

2. 2010 SCHEDULE OF MEETINGS

Comm. Brooks made a motion to approve the 2010 schedule of meetings as amended; Rep. Lombardi seconded and the vote was unanimous.

3. AGE ANNUITY RETIREMENT – FOR INFORMATION ONLY

A) SHEA, STEPHEN P. - POLICE

This item was for information only.

4. DISABILITY ANNUITY RETIREMENT – SERVICE CONNECTED – PREVIOUSLY APPROVED FOR AGE ANNUITY

A) FOSTER, ROBERT – FIRE

Comm. Brooks made a motion to approve Robert Foster of the Fire Department for a service connected disability; Rep. Lombardi seconded and the vote was unanimous.

B) HUNTER, MICHAEL – POLICE

Comm. Lombardi made a motion to table Mr. Hunter's service connected disability annuity pending receipt of medical reports. He noted that failure to comply with board's policy within a reasonable amount time would result his application being null and void. Comm. Longyear seconded and the vote was unanimous.

5. DEATH AFTER RETIREMENT – FOR INFORMATION ONLY

This item was for information only

6. PAYMENT OF THE BILLS

Comm. Brooks made a motion to approve the payment of the bill; Comm. Longyear seconded and the vote was unanimous. Rep. Kottage stated that he currently reviewing the Brenner, Saltzman Wallman bill and plans on submitted a portion to the City for payment.

7. ADMINISTRATIVE MATTERS

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

Rep. Kottage stated that there is no new information. There are negotiations with Mr. Fanfarelli's lawyer currently going on and nothing has settled as of yet.

8. INVESTMENT REPORT

Mr. Hubbard reviewed the flash report as of November 30, 2009 and December 14, 2009 stating that everything as a whole continues to look good. He pointed out that that the top line reflects total fund returns and the next is the total fund minus alternatives. This is done because of their reporting cycle. The Fund stays ahead of policy index across all time periods. Domestic equity composite for the current month and quarter the Fund was trailing the S&P 500 but the year to date through the rest of the time period it is ahead of the policy index.

Mr. Hubbard further reviewed the individual managers. ICC is doing well. Earnest Partners needs to be watched. Mr. Hubbard stated that they like to evaluate the managers over a full market cycle and it has been three years for Earnest Partners and they are behind. Invesco as a whole is doing well and they are ahead of their inception number. Sasco performance has been great. They are continuing to add value. Columbia Partners since inception number is relatively flat. Columbia and Earnest are the two equity managers they are watching closely. Chart Capital is in a position where they are going to close the fund. Their underlying companies are doing so well right now that they think it is

advantageous to close the fund. Mr. Hubbard stated that Sourtius made another distribution of \$750,000 within last week and will have more updates on the quarterly report.

Mr. Hubbard stated that there was previous discussion on the underlying position of the collateral pool related to Lehmann Brothers and CIT group that defaulted. They would have payable associated with them and Northern Trust was calling that. The fund has already made that payable in the amount of \$112,000. This payment will be reflected in the December numbers. The fund's current liability is \$597,098. Northern Trust declared a reversal on some of that payable amount. They credited back \$382,558.00 against that liability. That brings the new liability to \$215,189.

Comm. Brooks asked if the Fund is still in the securities lending program. Mr. Hubbard responded that as soon as they can find the first prudent point to get out they will. He does not believe the revenue you get from it is anywhere worth the liability that it costs the plan. Mr. Sagnella stated that Northern Trust can continue to lend as much money as they want for this fund and wondered if the trustees could put a cap on that amount. Mr. Hubbard stated that they have already explored that possibility and have a written response from Northern Trust which stated that that was not a possibility. Mr. Hubbard stated that he will send a second formal letter on behalf of the Board again requesting to put a cap on securities lending.

The next regular meeting has been scheduled for January 21, 2010 at 8:00 a.m. in the Controller's Conference Room.

The meeting adjourned at 9:30 a.m. on a motion made by Comm. Brooks and seconded by Comm. Mongillo.

ATTEST:

Mark Pietrosimone, Clerk