

POLICEMEN AND FIREMEN'S PENSION FUND BOARD

MINUTES

JANUARY 25, 2010

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

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

1. **APPROVAL OF MINUTES**

Rep. Lombardi made a motion to approve the minutes from the December meeting; Comm. Longyear seconded, and the vote was unanimous.

2. **AGE ANNUITY RETIREMENT/SERVICE CONNECTED DISABILITY – FOR INFORMATION ONLY**

A) SMITH, JONATHAN D. - POLICE

This item was for information only.

3. **DISABILITY ANNUITY RETIREMENT – SERVICE CONNECTED – PREVIOUSLY APPROVED FOR AGE ANNUITY**

A) HUNTER, MICHAEL – POLICE

Comm. Epstein made a motion to go into executive session; Rep. Lombardi seconded and the vote was unanimous;

Rep. Lombardi made a motion to come out of executive session and Comm. Longyear seconded and the vote was unanimous.

Comm. Epstein made a motion to approve Michael Hunter of the Police Department for a service connected disability based on medical reports; Rep. Lombardi seconded and the vote was unanimous.

4. **DEATH AFTER RETIREMENT – FOR INFORMATION ONLY**

This item was for information only

5. **PAYMENT OF THE BILLS**

Rep. Lombardi made a motion to approve the payment of the bills; Comm. Longyear seconded and the vote was unanimous.

6. **ADMINISTRATIVE MATTERS**

A) **BRENNER, SALTZMANN AND WALLMAN – DISCUSSION OF BILLS**

Carolyn Kone addressed Board members and distributed a copy of her outstanding bills to the Board. Ms. Kone reviewed all her previous work in regards to the Gerald Fanfarelli and the Freedom of Information claim which was brought against the Pension Board. She stated that no penalties were brought against the Board but there were findings and an appeal was made. Mr. Fanfarelli also brought a CHRO claim against the Board claiming age discrimination and disability discrimination and that is under investigation. Ms. Kone added that there is a tentative settlement. The Board had insurance to cover a portion of the Board's legal bills incurred.

Ms. Kone stated that currently the Board has several bills that are outstanding for her work. She is asking that the board pay these bills since she was hired to do the work. Mr. Kottage stated that the bills are being reviewed and that Ms. Kone will be paid. He has found some discrepancies with the bills and would like to review them. He stated that as a fiduciary of the pension fund it is his obligation to review all bills before they are paid and determine if the City is responsible for some of the bills.

Ms. Kone stated that she would like assurance that her firm will get paid. Brenner, Saltzman and Wallman has been the Board's attorney for thirty years and does so at an incredible rate and feels she has waited a long time to get paid.

Mr. Epstein suggested that both parties review the bills and submit what is owed by the Pension Fund at the February meeting.

Mr. Kottage informed that as per an arbitration decision the Pension Board was within in rights to deny Justin Kasperzyk's application to waive his disability retirement income cap.

Mr. Kottage stated that he was informed that Michael Illingworth has not made an appointment for his disability retirement evaluation. If he does not comply by the next Board meeting his application with be considered null and void.

Mr. Lombardi stated that when a Board member is unable to be present at a meeting he may phone in and be allowed to vote by via telephone

8. INVESTMENT REPORT

HARBERT MANAGEMENT CORPORATION

Mr. Neal Howe and Mr. Alan Fuller from Harbert addressed Board members. Mr. Howe stated that their fund is very value oriented. In today environment the opportunities are more about operation abilities and ways that can bring value to the individual property. They are also aligned with their investors and have a substantial amount of their own capital invested. The team has been investing since the mid eighties. Mr. Fuller stated that this market cycle is a bit different but opportunistic. They understand the significance of an investment and believe this is a target rich environment for opportunities. They believe that if you are coming into real estate that this is the time to do it. They are seeing maturity defaults and cash flow defaults. They have always been a deep value player and this is their market. They will be investing the capital primarily in the southeast through Texas and California which they see as high population areas. Multifamily dwellings are what they will emphasize on first. Mr. Fuller reviewed the individual investment deals that they are currently invested in. They have drawn \$33 million so far. Their investment period spans out over the next three years.

Comm. Epstein asked how much money they are looking to raise in this fund. Mr. Fuller responded originally they were targeting \$3-\$5 hundred million but since things have changed their new target is the \$150-\$200 million range.

Rep. Kottage asked how often they do a portfolio evaluation. Mr. Fuller answered a third of the portfolio is evaluated every year and rotate over a three year period.

Mr. Gray reviewed the current the flash report. He stated the current value of the portfolio is \$263,826 million. The fund returned 2.17% for the current month and 4.15% for the quarter. The total fund ex-alternatives returned 28.66%. All the managers had positive returns over the long term. The fund is well above their policy index. ICC Capital's performance was good at 7.39% vs. the index of 2.85%. Cooke & Bieler did not perform as well. Columbia Partners for the one year were very good. Fixed Income has also done very good. Loomis Sayles has done well.

Mr. Gray stated that he will be reviewing the investment policy statement. Due to the market swings Mr. Gray feels he needs more flexibility in moving things around when opportunities become available. He will be making changes in order to meet cash flow demands for benefit payments.

Rep. Kottage stated that the Policemen and Firemen's Retirement Fund has been nominated for the Small Public Plan of the Year in the 9th Annual Public Fund Awards for Excellence. He has been invited to the awards dinner in California.

The next regular meeting has been scheduled for February 25, 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

