

# **CITY EMPLOYEES RETIREMENT FUND BOARD**

## **MINUTES**

**April 21, 2009**

- 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.  
David Slifka
- ALSO PRESENT:** Joann Giri, Benefits Auditor  
Derek Ciampini, Merrill Lynch  
Chris Coppola, Merrill Lynch  
Patricia Solomon, Local 3144 Rep.  
Carolyn Kone, Brenner, Saltzman & Wallman  
Joann Giri, Benefit Auditor

Mr. Sagnella convened the meeting at 10:12 a.m.

### **1. STATE STREET LENDING AGREEMENT WITHDRAWAL**

Mr. Sagnella stated Attorney Kone will review the withdrawal options available to the Board regarding the securities lending agreement with State Street.

Attorney Kone stated CERF invested \$4 million and under the withdrawal program they would get back 85% in cash and 15% in units in the cash collateral pool. The Board authorized exercising the withdrawal option as long as they would be assured at least 80% in cash; State Street cannot specify any percentage. If the Board sends the withdrawal letter on April 23 the amount the Fund will get back in cash will be established on April 30<sup>th</sup>; it is dependent upon what is out in trade on that date. The documents are not negotiable, although the sample letter of withdrawal was negotiable and Attorney Kone did request a few changes. They did agree incorporate the information they provided by phone into the sample letter and they agreed to include the formula for what will get back in cash and units.

State Street will look at what percentage CERF has in the whole fund. They look at what securities are out there on loan of the whole fund. Then they take CERF's percentage (for example 2%) and apply that to what is out there on loan and that is the number of

units CERF would get in the cash collateral pool. That is what they will establish on April 30<sup>th</sup>. They take what you have in account, subtract that amount from your original investment and you get the difference back in cash.

On May 5, the settlement date, you will get the cash and the remainder will be in collateral pool units. On May 15 State Street will create a liquidating trust and these collateral units will go into the trust. They anticipate the value of those units will be less. When it goes into the liquidating trust they anticipate that some of these collateral units will be converted into cash. If you use the 83%-17% figures there will be \$759,000 in collateral units; on May 15 when it goes into the liquidating trust they we could get back 47% of that \$759,000 in cash. As the assets mature and are converted into cash the Fund will receive that money on a quarterly basis. By the end of the year there should only be about \$110,000 in the liquidating trust.

Mr. Pietrosimone asked why CERF still has money invested with State Street. Mr. Ciampini stated CERF has \$4 million in a State Street S&P index fund which they have been spending down.

Attorney Kone stated CERF will get the bulk of the cash on May 5, and then May 15 it will go from the collateral pool to the liquidating trust and CERF should get about half the cash. There will be fees associated with these transactions.

Mr. Pietrosimone made a motion to authorize Jerry Sagnella to sign the letter of withdrawal with State Street Bank as well as all documents necessary to liquidate the account; Mr. Cama seconded, and the vote was unanimous.

The meeting adjourned at 10:30 a.m. on a motion by Mr. Pietrosimone and seconded by Mr. Varrone the vote was unanimous.

ATTEST:

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Secretary