

**POLICEMEN AND FIREMEN'S RETIREMENT FUND BOARD  
MINUTES**

**( DRAFT )**

**November 20, 2008**

**PLACE:** City Hall  
200 Orange Street  
Dept. of Finance Conference Room  
New Haven, Connecticut 06510

**PRESENT:** James Kottage, Fire Union Representative, Chairman  
Frank Lombardi, Police Union Representative  
William Celentano, Fire Commissioner  
Wendy Mongillo, Fire Commissioner  
Theodore Brooks, Police Commissioner  
Richard Epstein, Police Commissioner  
Mark Pietrosimone, Clerk

**ABSENT:** Mayor John DeStefano, Jr.

**ALSO PRESENT:** Jerry Sagnella, Payroll/Pension Administrator  
Robert Newman, Payroll/Benefit Auditor  
Andrew Kelsen, Gray & Company  
Art Assante, Hooker & Holcombe  
Tim Ryor, Hooker & Holcombe

Rep. Kottage convened the meeting at 8:10 a.m.

**1. APPROVAL OF MINUTES**

Comm. Brooks moved the approval of the minutes from the meeting of October 20, 2008; Comm. Epstein seconded, and the vote was unanimous.

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

The board reviewed the information in item #2.

### **3. PAYMENT OF BILLS**

Comm. Epstein made a motion to pay the bills in item #3; Rep. Lombardi seconded, and the vote was unanimous.

### **4. ADMINISTRATIVE MATTERS**

Chairman Kottage stated that the Board received a letter from retired policeman, Thomas Morrissey and will be addressing any items that need attention concerning this matter. He stated that over the past month he has met with several money managers to get a feel of what is out there. Chairman Kottage stated at this time nothing spectacular to present. He stated that the issue with the wrap program and Wachovia and UBS is just about resolved.

### **5. INVESTMENT REPORT**

Mr. Kelsen stated that the best news for the moment is gas prices are below \$2.00. He stated these are historic times facing we are facing, financial meltdown etc. Inflation risk has disappeared now the concern is deflation. The T-Bill is at a 0.05 fixed interest rate which does not bode well for the amount of money that the Fed has loaned out. We are seeing losses of 45% to 50% now at the individual level and institutional monies are not far behind that. He stated global markets are suffering more than the U.S. markets. Mr. Kelsen stated there are no fundamentals at play right now it is more mechanical with everyone taking everything off the table and moving to cash positions. He said that the housing market now does not seem to be as bad as originally expected only 1/4 as many foreclosures expected and the dollar has rallied up 20%. Mr. Kelsen stated that they do not see the light of day until somewhere between January to March of 2009 for a rally of investors participating in capital markets again.

Mr. Kelsen stated that individual managers are struggling with Earnest Partners on probation. Cooke & Bieler and Brandywine are out performing as well as Israel Bonds on the fixed income side. He said the alternative space is looking very good, probably the best space to be right now, with the lenders of capital in the driver's seat. Mr. Kelsen stated that the total fund over time is good but right now the Fund's year to date is down 12%. The total equity composite YTD is down 18% versus 21%, the one and five year period is above the benchmark. Mezzanine managers with dry capital are one of the best spaces to be in right now. Mr. Sagnella asked who was putting the value on the properties for real estate. Mr. Kelsen stated that outside appraisers are being used often from KPMG or DELOITTE TOUCHE and they are done on a quarterly basis. Rep. Lombardi asked if Securities and Lending is still worth it. Mr. Kelsen stated there is still money to be made. Chairman Kottage stated

that he can have Harland from Northern put a report together for the past couple of years. Chairman Kottage stated that the allocation is out of whack so we are kind of on the sidelines until things calm down. Mr. Kelsen stated that it is times like these that drive home the diversification issue. Mr. Sagnella asked if there was a timetable for getting money back from Suoritus. Mr. Kelsen stated that it should be within 30 days to the end of the year for these monies. Chairman Kottage asked Mr. Assante if the Board could delay some year end reporting. Mr. Assante stated that this fund is not affected for reporting where in the private sector it is. Mr. Ryor stated that the smoothing and averaging process can still be used for this fund.

Comm. Brooks made a motion to adjourn the meeting at 9:13a.m.; Comm. Epstein seconded, and the vote was unanimous.

**The next meeting is scheduled for Thursday December 18, 2008 at 8:00a.m.**

ATTEST:

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Mark Pietrosimone  
Clerk