

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

**MINUTES**

**FEBRUARY 26, 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 Commissioner  
Mark Pietrosimone, Clerk

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

**ALSO PRESENT:** Jerome Sagnella, Payroll/Pension Administrator  
Robert Newman, Benefits Auditor  
Bob Hubbard, Gray and Company

Chairman Kottage convened the meeting at 8:08 a.m.

**1. APPROVAL OF MINUTES**

Comm. Brooks made a motion to approve the minutes from the January 15, 2009 meeting; Rep. Lombardi seconded, and the vote was unanimous. Comm. Epstein abstained from voting.

**2. NEW PARTICIPANTS**

This item was for information only.

**3. AGE ANNUITY RETIREMENT – FOR INFORMATION ONLY**

**a) BRELAND, DARYL - POLICE**

This item was for information only.

4. **DISABILITY ANNUITY RETIREMENT – SERVICE CONNECTED**

Rep. Lombardi made a motion to go into Executive Session at 8:12 a.m.; Comm. Epstein seconded and the vote was unanimous. Comm. Brooks made a motion to come out of Executive Session at 8:19 a.m. Comm. Epstein seconded and the vote was unanimous.

Comm. Brooks made a motion to deny a service-connected disability based upon their respective medical reports for Wayne Bailey and Paul Welch; Comm. Epstein seconded and the vote was unanimous.

5. **DISABILITY ANNUITY RETIREMENT – SERVICE CONNECTED /AGE ANNUITY**

Chairman Kottage stated that the board has not received the medical reports for Robert Lanza, Steve Paquette, and Craig Guglielmo. They will subsequently be retired on Age Annuity Retirements with no vote required. Once the medical reports are received by the Board they will then be considered for Disability Annuity Retirement-Service Connected.

6. **PAYMENT OF BILLS**

Comm. Brooks made a motion to approve the payment of the bills with the exception of Brenner, Saltzman, and Wallman until it can be audited; Comm. Mongillo seconded and the vote was unanimous

7. **ADMINISTRATIVE MATTERS**

**A) EXECUTIVE SESSION – DISCUSSION OF STRATEGY CONCERNING PENDING LITIGATIONS**

Comm. Epstein made a motion to go into executive session at 8:24 a.m. for discussion of strategy concerning pending litigation; Comm. Mongillo seconded and the vote was unanimous. At 8:50 a.m. Comm. Brooks made a motion to come out of executive session; Rep. Lombardi seconded, and the vote was unanimous. Rep. Lombardi made a motion for the Board to sign a joint defense and confidentiality agreement with the City and authorized Kathleen Foster and Carolyn Kone to represent the Police and Fire Pension Board; Comm. Mongillo seconded and the vote was unanimous.

Rep. Kottage inquired about Capital Point Partners request for a blocker. A couple of years ago there was a distribution from Capital Point and Mr. Kottage does not believe a blocker was in place. Rep. Lombardi asked Mr. Hubbard to follow up on that issue and check with Capital Point on what the Board needs to do.

Mr. Kottage stated that he knows there are conflicting opinions with the CERF board concerning the securities lending issue. Rep. Kottage stated that if the Board were to terminate the securities lending agreement there would be a loss to the Fund. Rep. Kottage stated that after discussion with Gray and Company and other sources he believes it is in the best interest of the Fund is to stay the course.

Mr. Hubbard stated that Gray and Company has several clients that utilize Northern Trust and who have been caught up in the securities lending collateral pool issue. They have participated in numerous conference calls since this happened. Mr. Hubbard stated that they have studied the documents and right now the P&F plan has actually made slightly more than the receivable they are carrying for Northern Trust. They are at a break even point. This is not a loss until you withdraw and have to pay back that loss. He really believes it is a perfect storm of market events. Gray & Co. does not feel Northern Trust has been negligent and thinks it is better for the plan to remain in the program and allow the markets to stabilize.

## **8. INVESTMENT REPORT**

Mr. Hubbard reviewed the investment performance report for quarter ended December 31, 2008. He stated that it was not a good year and believes it will deteriorate before it gets better.

In fixed income market, interest rates are as far down as they can be. Mr. Hubbard believes that rising interest rates are going to fix the problem in the fixed income market. They are starting to take options for all of their clients to protect against rising interest rates. They are looking at options like tips and convertibles which will offer a little bit of protection. All cap ranges were down an additional 20% this quarter. For the year everything was down with the exception of small cap value which was down 30%. Mr. Hubbard reviewed the executive summary of the plan. The Fund outperformed the policy benchmark for the forth quarter. ICC Capital is doing an outstanding job compared to index. There is some concern with Earnest Partners. Sasco Capital has also done

a great job. There are concerns with Columbia Partners performance. Mr. Hubbard plans to meet with them soon.

On the fixed income side of the portfolio it is sitting lower against the Lehman Aggregate than expected but is not concerned right now. Citigroup has performed very well. Structured notes are performing very well. Mr. Hubbard stated that he has not received the alternative manager fourth quarter reports but expects them next month.

Comm. Epstein asked for a list from fixed income managers on what bonds they are holding and their maturity dates. Mr. Hubbard responded that he would gather that information.

The next regular meeting has been re-scheduled for March 24, 2009 at 8:00 a.m. in the Controller's Conference Room.

The meeting adjourned at 9:37 a.m. on a motion made by Comm. Brooks and seconded by Comm. Mongillo.

ATTEST:

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Mark Pietrosimone, Clerk

