

# POLICEMEN AND FIREMEN'S PENSION FUND BOARD

## MINUTES

**MARCH 24, 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  
Carol Chiappone, Benefits Auditor  
Bob Hubbard, Gray and Company  
Larry Gray, Gray and Company  
Art Assante, Hooker & Holcombe

Chairman Kottage convened the meeting at 9:05 a.m.

**1. APPROVAL OF MINUTES**

Comm. Brooks made a motion to approve the minutes from the February 26, 2009 meeting; Comm. Mongillo seconded, and the vote was unanimous.

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

Comm. Epstein made a motion to go into Executive Session at 9:10 a.m.; Rep. Lombardi seconded and the vote was unanimous. Comm. Epstein made a motion to come out of Executive Session at 9:30 a.m. Comm. Mongillo seconded and the vote was unanimous.

Rep. Lombardi made a motion to approve service-connected disability retirements based upon their respective medical reports for Robert Lanza, Steve Paquette, and Craig Guglielmo; Comm. Brooks seconded and the vote was unanimous.

**3. PAYMENT OF BILLS**

Comm. Brooks made a motion to approve the payment of the bills; Comm. Mongillo seconded and the vote was unanimous

**4. ADMINISTRATIVE MATTERS**

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

Rep. Lombardi made a motion to go into executive session at 9:22 a.m. for discussion of strategy concerning pending litigation; Comm. Mongillo seconded and the vote was unanimous. At 9:45 a.m. Comm. Brooks made a motion to come out of executive session; Rep. Lombardi seconded, and the vote was unanimous.

Comm. Brooks made a motion to add the Brenner, Saltzman and Wallman bill to the agenda; Comm. Mongillo seconded and the vote was unanimous; Comm. Brooks made a motion to pay invoices 30715, 30960 and 30712 from Brenner, Saltzman and Wallman. Comm. Celentano seconded and the vote was unanimous.

**8. INVESTMENT REPORT**

David Saponaro and Matthew Eagan of Loomis Sayles entered the meeting. Mr. Saponaro stated that last year was a tough year. He stated that Loomis Sayles currently has \$106 billion in fixed income assets. They tend to be credit focused in their style and are committed to their research effort. Their analysts are very seasoned. He stated that 2008 was the worst year on record relative to the indices for credit, both investment grade and high yield. The Fund really wanted to be in treasuries agency and cash. Treasuries were up 13.74%, high yield was -26%, and credit was -3.08%. Triple 'b' portion of investment grade credit was down -9%.and CNBS was down about 20%.

Mr. Saponaro stated that Loomis Sayles benchmark is the Lehman Aggregate and they can hold up to 40% in high yield by their guidelines. The Police and Fire portfolio is much diversified. Mr. Saponaro stated that stylistically they were out of favor and that can be seen on page 12 of the investment report. For the year 2008 they were down -17.63% vs. 5.24. for the index. As of yesterday the portfolio was up .34% and the benchmark was -.23%. Mr. Eagan pointed out that most of the real pain was in September, October and November. There was a nice rebound in December and January and they hope they will rebound.

Mr. Eagan reviewed the investment market. Comm. Epstein asked if they hold most of their bonds to maturity or do they generally flip their bonds. Mr. Eagan stated that they are long term investors. He believes that one of the things in this market is that you have to keep trading costs low because of high transactions costs. They keep their turnovers to

about 35%- to 50% annually. Many of their competitors will do a 100% turnover, but they are looking long term. They will hold a bond to maturity sometimes and are always looking for relative value. They believe this portfolio is investment grade, high triple BBB portfolio yielding 560 basis points. Rep. Kottage asked if the value is done a daily bases. Mr. Eagan responded yes. He added that long term they expect most of the growth to come out of the emerging markets.

Mr. Gray reviewed the investment report. As of January 1, 2009 the fund total was \$215,000,000. and at the end of February it was \$201.7 million. As of the previous day (March 23) it was valued at \$208.4 million.

Mr. Hubbard stated that at the last meeting there were questions concerning securities lending. Mr. Hubbard explained that there are really two pots of money that are involved. There is the \$700,000 collateral deficiency and there is the \$22,000,000 the board has out on loan as part of the program. Mr. Hubbard stated that if the Board were to choose to leave the program they owe the payable but in addition the P&F fund does not forfeit \$22,000,000 but will owe Northern Trust \$22,000,000. Northern Trust in turn they will give the Fund pro-rata shares of various index funds.

Mr. Hubbard stated that there was question if Northern Trust had exposure to Stamford. Mr. Hubbard stated that he has talked to Harland Abraham and they do not have any exposure. Mr. Gray stated that the Board will be opting to stay in the blocker program with Capital Point Partners

Mr. Gray stated that Columbia Partners had a tough 2008. As of February they were 400 basis points over the benchmark. He believes they have turned the corner. It is a very volatile run and wonders if the Board needs this volatility. For right now he recommends staying the course but would like to revisit this issue.

The next regular meeting has been re-scheduled for April 16, 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:

---

Mark Pietrosimone, Clerk

