

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

MINUTES

JULY 23, 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
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
Tim Ryor, Hooker & Holcombe
Art Assante, Hooker & Holcombe

Chairman Kottage convened the meeting at 8:05 a.m.

1. APPROVAL OF MINUTES

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

2. APPOINTMENT OF BOARD MEMBER – FOR INFORMATION ONLY

This item was for information only.

3. AGE ANNUITY RETIREMENT – FOR INFORMATION ONLY

- A) REYNOLDS, EDWARD - POLICE
- B) ROXBEE, KEVIN - FIRE

This item was for information only.

4. AGE ANNUITY RETIREMENT – SERVICE CONNECTED/AGE ANNUITY

- A) ANDREUCCI, STEVEN M. – FIRE

B) ANNUNZIATO, ANTHONY - FIRE

This item was for information only.

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

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

Comm. Brooks made a motion to come out of executive session at 8:25 a.m. Comm. Mongillo seconded and the vote was unanimous.

Rep. Lombardi made motion to table Mr. Anthony Maio's application for a service connected disability pending the further medical tests recommended by Yale Occupational in their June 18 medical report. Comm. Brooks seconded and the vote was unanimous.

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

- A) SCELZO, JOHN – FIRE
- B) CACIOPOLI, ANTHONY - POLICE

This item was for information only.

7. **WAIVER OF THE DISABILITY INCOME CAP**

Rep. Lombardi made a motion grant the waiver of the disability income cap based on information from the Police Chief James Lewis; Comm. Epstein seconded and the vote was unanimous.

8. **PAYMENT OF THE BILLS**

Rep. Lombardi made a motion to approve the payment of the bills; Comm. Books seconded and the vote was unanimous. Comm. Epstein abstained from voting.

9. **ADMINISTRATIVE MATTERS**

- A) Executive Session – Discussion of Strategy Concerning Pending Claim and Pending Litigation – Gerald Fanfarelli
- B) Executive Session – Discussion of Strategy Concerning Pending Litigation – Syntax Brillian Litigation

Comm. Brooks made a motion to enter into executive session; Comm. Epstein seconded and the vote was unanimous. Chairman Kottage requested that Mr. Jerome Sagnella and Ms. Carol Chiappone remain in the meeting.

Comm. Brooks made a motion to come out of executive session. Comm. Mongillo seconded and the vote was unanimous.

C) Open Session – Indemnification of Trustees

Rep. Kottage stated that Carolyn Kone has drafted language to be reviewed by Emmit Hibson and signed by the union presidents. He has not heard anything as of yet.

Comm. Epstein stated he will not be attending the meeting scheduled for August 20 should there not be agreement in place. He stated that there has been sufficient time for this agreement to be signed and does not know what the delay is. Comm. Epstein made a motion that there will not be a August meeting unless the agreement with the indemnification of trustees is not signed. Comm. Brooks seconded and on roll call the following votes were recorded; Ayes: Brooks, Mongillo, Epstein; Nays: Kottage, Lombardi. The motion passed.

Rep. Kottage requested a letter be sent to Emmit Hibson addressing the Commissioners concern and would like the matter dealt with as soon as possible.

Mr. Sagnella stated that he AIG insurance renewal proposal will be before the end of August. Rep. Kottage stated that this may not be necessary if a agreement has been reached with the Union Presidents.

Mr. Craig Manameit entered the meeting. Mr. Kottage explained that the trustees have a issue with indemnification and that if an agreement is not reached they will resign from the Board. Mr. Mannameit stated that would inform Mr. Hibson of the Board's concern will get back to Chairman Kottage by the end of the week.

INVESTMENT REPORT

Mr. Bob Hubbard reviewed he flash report for June 30, 2009 stating that it was a very good quarter. There was double digit returns for all equity mangers. Although international equity did not do go for the quarter their overall performance is good. On fixed income side everything moving as expected particularly Lommis Sayles Alternative investments have not reported yet but will have them by next month.

Mr. Hubbard stated that Patti Somerville will be replacing Harland Abraham as the Fund's account representative. He stated that there has been some discussion concerning securities lending and CIT. There was new that they might go bankrupt but they have received some last minute private financing which gave them a little more lifeline. CIT is a position that was in your collateral pool deficiency. Northern Trust made the position to go ahead and sell the shares they had. They sold the notes and that became a realized loss within that collateral pool. The total liability the Fund had for that security was about \$710,000. That was a paper loss as since you have not decided to sell. That loss will eventually continue to shrink but the CIT portion is something that now became realized. When they declared the deficiency back in September they went ahead and earmarked \$11,000 for that CIT position. When they

earmarked it was down to \$15.00 a share. When they actually realized the loss it added a \$27.00 a share to it. The total loss related to CIT in securities lending position was \$41,000.00 and of that \$710,000 is considered unrealized. Mr. Hubbard stated that this is just an update and Northern Trust will continue to manage the positions that are in that collateral pool.

Mr. Sagnella asked what percentage of that collateral pool to be considered to toxic assets. Mr. Hubbard responded that he would consider all of it. He believes a better analogy for that separated account would be like managing a high yield portfolio where eventually you want to see a credit quality rebound.

Mr. Sagnella asked what the average is that both funds made with this lending agreement and is it worth it to have this type of liability. Mr. Hubbard stated that the idea that the liability could always exist but was not real until the economy did what it did last year. The risk became more apparent last year. It is something the board could consider if the risks out weigh the rewards. The liability is not realized until the Fund chooses to withdraw.

Mr. Sagnella stated that he can not wait to get out of this agreement with Northern Trust and is finding it extremely difficult. He believes it is a serious problem a potential for a great loss. He did not like the way this program was presented to them. Mr. Hubbard stated the he revisit this issue with the Board next month when he can get more information from Northern Trust.

Mr. Kottage stated that last month there was a presentation by Omsan Paramount BioFund. He would like the Board to consider investing. This would be venture capital private equity investment. Mr. Hubbard stated that they have done due diligence and are very comfortable with this investment. It would be \$3-\$5 million investment and a 3-4 year commitment period.

Comm. Brooks made a motion to invest \$3 million to Omsan Paramount BioFund; Comm. Epstein seconded and the vote was unanimous.

Mr. Hubbard state that they are in the process of updating the policy guidelines. He is putting all of the information together and is beginning to incorporate into an adhesive document.

The next regular meeting has been scheduled for august 20, 2009 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

