

JOINT RETIREMENT INVESTMENT BOARD MEETING

Tuesday, September 28, 2010

4:30 pm

**Second Floor Conference Room
Independence Hall-725 Old Post Road
Fairfield, CT 06824**

FINAL MINUTES

Members Present: Ken Flatto, Paul Hiller, Robert Malarkey, Jack Leahy, Joe Rigoglioso, Jean Sturges, Barry Rosen, Rose Sandick, Scott Bartlett, Bonnie McWain, Erik Kalapir, Brian Vahey (via phone)

Members Absent: Mike Holland, Fred Schaefer, Noradeen Farlekas

Others Present: David Hyman, Ellen Petrino, Ken Brachfeld, Dick Saxl, Conatus Capital (via phone), and Addison Clark Management, LLC, Rick Robinson, David Golub

I. Call to Order

Chairman Bob Malarkey called the meeting to order at 4:30 pm.

II. Approval of Minutes

David Hyman proposed some changes that should be made to the minutes. After “second quarter”, he added the phrase, “driven by concerns about the three Gs-Greece (sovereign crisis), Goldman (financial regulation) and the Gulf” and removed “There are concerns about the financial regulation driving the markets in addition to issues about the Euro, Goldman and the Gulf.” Mr. Hyman also suggested adding the following phrase after the word “allocation” in the last sentence, “...benchmark as well as a revised IPS and will distribute to the committee shortly.” He asked that the phrase, “have it by the next morning” be removed. Mr. Hyman suggested the word “provided” replace “gave.” Mr. Malarkey moved to approve the minutes, as amended. Mr. Hiller seconded the motion which carried unanimously.

III. Town Attorney Private Executive Session-Litigation Matters

Paul Hiller made a motion to enter into private executive session regarding litigation matters at 4:35 pm and stated that the Town Attorney and outside Counsel will attend executive session. Jean Sturges seconded the motion which carried unanimously. Mr. Hiller made a motion to end private executive session at 4:52 pm. Erik Kalapir seconded the motion which carried unanimously. Mr. Hiller made a motion to adopt the Town Attorney’s litigation negotiation recommendation. Erik Kalapir seconded. The motion which carried unanimously, 12-0.

IV. Investment Review

Mr. Hyman reviewed Evaluation Associates’ Executive Summary for the quarter ending June 30, 2010. After looking at the Total Fund Investment Overview on page seven, Mr. Flatto asked if the fund had achieved a 9.5 return this year. Mr. Hyman said it had. Mr. Hyman focused on the shaded areas for the Total Fund Performance Management on pages 4-5. Mr. Hyman then gave the Board a handout titled “Asset Class as a Percent of Total Assets.” Mr. Hyman said the target allocations were approved last June. He noted that overall domestic equities’ target is 25%;

non-US equities' target is 15%; and emerging markets target is 5%. The remaining asset allocations cover bonds and alternative investments.

Mr. Hyman recommended the Board soon finalize discussions to allocate up to 10% to hedge managers as discussed and agreed by the Board.

V. Discussion of Investments/Presentation by Managers

A. Conatus Capital

The Board received a handout on the company and heard a presentation by Conatus Capital's founder. Conatus gave a brief history of the company. They build their portfolio across all sectors of the economy as well as globally. They have a balance of longs and shorts by sector. Their balance of longs to shorts averages 2-1. Conatus discussed the basic points for longs and shorts to offset one another to diminish the market risk and overall volatility. They reviewed their five investment strategy criteria. They focus on competitive advantage, industrial cycles and discontinuous change within their investment approach. They said company valuation is a critical component. They perform their own financial modeling for each company. They discussed allocations—they hold about 2/3 of assets in the U.S. and investments outside of North America are split between developed and emerging markets. Conatus reviewed some of their longs and shorts and indicated technology is one of their largest exposures. Conatus also discussed their short side. Mr. Flatto asked how smoothly the company would work if the Firm's founder gets sick. The owner said Conatus has a terrific team, but he's an integral part of the company. While he makes the final decisions on every stock, there are senior level analysts with expertise in every area. Erik Kalapir asked what kind of cash flow the company has had over the last six to nine months. Conatus said they had minor net inflows and are not looking to raise large amounts of new money.

After Conatus' presentation, the Board briefly gave their feedback. Mr. Flatto said he liked their educational credentials. Mr. Malarkey said they are top-notch. Mr. Hyman recommended the Board's subcommittee meet in person with the managers who have made presentations to the Board and the Board agreed.

B. Addison Clark Management, LLC

The Company gave a presentation to the Board. They manage \$750 million in equity funds. They gave an overview of their company's history and said there has been no employee turnover which is rare. Addison gave a handout to the Board. They reviewed investment highlights noting that everything is equity oriented and priced daily. Addison discussed short selling as a tool to preserve capital. Addison reviewed their portfolio traits and their successes and failures are based on stock picking. Mr. Flatto said he was surprised there were so few long positions. Addison has about 20 longs in total. They said they have more shorts because they don't want any one short to hurt the investor. Addison discussed performance they have had in up and down markets. Mr. Hyman asked at what point would the company add to its staff. Addison said they are a small firm and have done well that way. They think they can run up to \$1 billion with their current staff. Mr. Flatto asked how Addison cushions risk. Addison said they can't guarantee returns.

After Addison's presentation, the Board discussed the managers. Ellen Petrino of Evaluation said Addison is local and does a good job managing money. Mr. Flatto said he was surprised they so volatile. Mr. Malarkey said he favored larger, more established firms. Ms. Petrino noted that the Board will have to decide where to put up to \$5 million into three funds and suggested up to \$10 million into the Wellington Fund.

Mr. Hyman said he likes the idea of Wellington being a larger holding because it covers various investment strategies. Mr. Hyman said the Board's subcommittee should meet first in person with managers and then the Board should decide at the next meeting who it will invest with.

Mr. Hiller asked for the Board's approval for the following resolution regarding signing and trading authority:

RESOLUTION REGARDING SIGNING AND TRADING AUTHORITY

"RESOLVED, that the following persons are hereby authorized to execute any and all documents in the name and on behalf of the Joint Investment Retirement Board ("Board"):

Kenneth A. Flatto, First Selectman of the Town of Fairfield and Member of the Board

Paul H. Hiller, Jr., Chief Fiscal Officer of the Town of Fairfield and Member of the Board

RESOLVED FURTHER, that Paul H. Hiller, Jr., is authorized to give instructions on behalf of the Board to any manager of any fund with respect to the purchase and sale of any investment approved by the Board."

Mr. Hiller said the First Selectman is the town signing authority and the Fiscal Officer communicates with managers. Mr. Hiller made a motion to approve the resolution. Mr. Malarkey seconded the motion. Jack Leahy made an amendment to add the words, "approved by the Board" after the word documents in paragraph two. Mr. Hiller seconded the motion which carried unanimously. The main motion, as amended and written above, carried unanimously.

VI. Adjourn

Mrs. Sturges made a motion to adjourn the meeting at 6:48 pm. Barry Rosen seconded the motion which carried unanimously.

Respectfully submitted,

Jennifer S. Carpenter

Recording Secretary