

**Special Meeting of the Town of Fairfield Joint Retirement Investment Board**  
**Thursday, May 27, 2010**  
**4:30 pm**  
**2<sup>nd</sup> Floor Conference Room**  
**Independence Hall**

**FINAL MINUTES**

Members Present: Robert Malarkey, Jean Sturges, Rose Sandick, Scott Bartlett, Erik Kalapir, Noradeen Farlekas, Paul Hiller, Fred Shaefer, Brian Vahey, Ken Flatto, John Leahy  
Members Absent: Bonnie McWain, Michael Holland, Barry Rosen  
Others Present: David Hyman, Ellen Petrino, Liz Churney, Ken Brachfeld

Chairman Bob Malarkey called the meeting to order at 4:37 pm.

I. Approval of the Minutes of the Joint Retirement Investment Board Meeting of February 19, 2010

Erik Kalapir made a motion to approve the minutes. Scott Bartlett seconded the motion. Mr. Malarkey noted that the date of the minutes on the agenda should be February 18, 2010. The main motion carried unanimously.

II. Review of Hooker & Holcombe Year-End Reports as of July 1, 2009

Liz Churney of Hooker & Holcomb gave the Board two packets of information—the Town of Fairfield Pension Plans—the July 1, 2009 Actuarial Valuation Review-Cash Contribution Requirements and the Town of Fairfield Postretirement Welfare Plan—the July 1, 2009 Actuarial Valuation Review GASB 45 Results. Ms. Churney first reviewed selected pages from the Pension Plans report. She focused on page two—results and projection building and noted that actuarial value is used, not market value because of long-term bonding. Ms. Churney said that July 1, 2008 was the period when losses in the Town's pension funds were reflected in results. Ms. Churney noted that there is a \$500,000 reduction in anticipated budgetary contributions due to the pension value as of March 31, 2010, but the current year in contributions is up \$2.93 million from \$1.57 million last year and going forward over a four year period, contributions may continue to rise as a result of last year's bad results. Brian Vahey asked about the duration of liabilities which Ms. Churney said she can get the Board information on. Mr. Malarkey asked about the percentage of discount rates. Ms. Churney said the Town uses 8% which is not unusual, but that future rates will be reviewed for long-term scenarios. Ms. Churney reviewed the benefits earned in the current year. Mr. Flatto asked Ms. Churney if she has plans showing both the Town and school side. Ms. Churney said she has that break down. Fred Shaefer asked why the amortization is different for the Town than for Police and Fire. Ms. Churney said Police and Fire employees retire sooner than Town employees and she said a lot of municipalities are looking to change the amortization length. A brief discussion focused on paraprofessionals.

Ms. Churney gave the Board a report on the Town's Postretirement OPEB Plan. She said GASB 45 is a hot topic. She noted that the BOE benefits reflect non-certified staff buying into the plan so there is an implicit subsidy.

Mr. Flatto said the Town is paying \$4.5 million annually for current retirees and the rest is for future retirees. There is \$7 million budgeted. Ms. Churney noted the Town uses a 7.5% discount rate while the BOE subsidy has a 4.5% discount rate.

### III. First Quarter Review-Observations & Recommendations

David Hyman of Evaluation Associates gave the Board an executive summary on the Quarter Ended March 31, 2010. He summarized the conclusions on page three. Mr. Hyman thinks Dwight is not doing well. Mr. Hiller said there have been some issues with Dwight during the last 15 months and he suggested asking them to attend an upcoming Board meeting. Mr. Hyman agreed that was a good idea and also suggested inviting one to two other managers to discuss managing fixed income allocations. Mr. Hyman focused on the fund rankings since inception. Mr. Hyman reviewed the Town's fund compared to other places. Mr. Flatto asked if the alternate investments include commodities. Mr. Hyman said they do. Mr. Hyman showed a roll up of all equity managers and how they stack up to the broad equity universe.

The Board reviewed the distributions from two Pequot Capital funds. 85% of the endowment fund has been distributed to date. The fund hopes to be fully liquidated by the second quarter. Core investors fund has returned 94% distributed. Mr. Hyman mentioned the mid-cap manager fee was reduced to 80 basis points. Mr. Hyman discussed TA Realty.

### IV. Asset Allocation

Mr. Hyman gave the Board a handout on asset allocation. Mr. Hyman said the Board needs to finish setting targets. The Board discussed the far right box on the handout. Mr. Flatto asked why Iridian is underperforming. Ellen Petrino of Evaluation Associates said they did not own a lot of financials, but this is also why they did better than most in 2008. Evaluation will forward the Board the supplemental asset allocation analysis from last fall.

The Board had a discussion on whether to keep the \$4 million in cash or to equitize it. Noradeen Farlekas suggested having a process in place to make the benefit payments and said nothing should be in cash. Mr. Hyman said to wait to have another Board discussion on moving the cash. Mr. Flatto asked Evaluation Associations and Mr. Hiller to suggest a policy and to bring in some managers for the next meeting. Mr. Flatto said the Board seems to have a consensus on moving 10 to 20% into hedge fund managers, not 25% as Evaluation suggested. Mr. Flatto said the reports need to add Lexington and TA Realty. Mr. Hyman said it will reflect all funds the Town is committed to for the next meeting.

### V. New Business

The Board discussed having a meeting at 5 pm on either Monday, June 14, 2010 or Tuesday, June 15, 2010. An email will be sent to members to get a consensus for a date.

### VI. Public Comment

Ken Brachfeld said the BOF will be pleased with the probable \$500,000 reduction in anticipated budgetary contributions due to the pension value as of March 31, 2010. He also said that he is a big proponent of ETFs when he was a member of the retirement board. He said there was difficulty with Dwight since 2005 so he strongly suggests using ETFs going forward.

At Mr. Vahey's request, Mr. Hiller and Mr. Flatto updated the Board on an indemnification insurance policy for members which should be in place as of July, 2010.

VII. Adjourn

Jean Sturges made a motion to adjourn the meeting at 7:07 pm. Mr. Malarkey seconded the motion which carried unanimously.

Respectfully submitted,

Jennifer S. Carpenter  
Recording Secretary