

**JOINT RETIREMENT INVESTMENT BOARD SPECIAL MEETING**

**Tuesday, June 14, 2011**

**4:30 pm**

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

**FINAL MINUTES**

Members Present: Robert Malarkey, Paul Hiller, Mike Tetreau, Jean Sturges (left meeting at 5:47 pm), Brian Vahey, Rose Sandick, Fred Schaefer, Geoff Mullen, Erik Kalapir, Barry Rosen, Mike Holland

Members Absent: Scott Bartlett, Bonnie McWain, Ralph Money, Joseph Rigoglioso,

Others Present: David Golub, Dick Saxl, Jim Walsh, Mary Carroll Mirylees, Thomas Shingler, Bud Pellecchia

**I. Call to Order**

Chairman Bob Malarkey called the meeting to order at 4:35 pm.

**II. Private Executive Session-Discuss Pending Litigation**

Paul Hiller made a motion to enter into private executive session to discuss pending litigation with David Golub and Dick Saxl at 4:36 pm. Selectman Jim Walsh entered the meeting during this discussion. Jean Sturges seconded the motion which carried unanimously. Mr. Hiller made a motion to end private executive session at 5:52 pm. Mr. Malarkey seconded the motion which carried unanimously. Mr. Hiller made a motion to accept the Town Attorney's recommendation. Brian Vahey seconded the motion which carried 10-0.

**III. Discuss and Act on Assignment of Board's Contract with Evaluation Associates to Callan Associates, Inc. as a Result of Acquisition of Evaluation Associates Public Fund Business by Callan (see attachment)**

Mr. Hiller introduced two members of Callan Associates Inc.'s team: Thomas Shingler, Assistant Vice President Fund Sponsor Consulting and Bud Pellecchia, Senior Vice President Fund Sponsor Consulting. Mr. Hiller said he had sent an email to the Board about two weeks ago regarding the acquisition of Evaluation Associates LLC (EAI). Mr. Hiller gave the Board background information on Callan. He said David Hyman of EAI was not able to attend today's meeting. He and Ellen Petrino will be transitioning to Mercer in Norwalk. Callan is located in New Jersey. Mr. Hiller gave the board three documents: an assignment of the contract to Callan regarding the acquisition of EAI Public Fund Business by Callan; an existing agreement between EAI and the Town; and an email from Assistant Town Attorney Eileen Kennelly on the EAI-Callan Assignment which she had reviewed and had comments on. Mr. Pellecchia gave an overview on his background and a history of Callan. He said he understands that Callan was not the Board's choice. Tom Shingler has been with Callan a little over a year; Mr. Pellecchia has been with Callan for ten years. Callan is structured on a regional basis. Their headquarters is located in San Francisco. Their focus is on different sectors. He gave the Board a booklet on Callan's Investment Consulting Resources Supporting the Town's Retirement Board. Mr. Pellecchia said Callan has worked with over 100 public funds.

They have 310 clients—105 are public clients. Every client is looked at on an individual basis. Callan prefers a team approach. One way Callan is different from its competitors is they keep a proprietary database. They don't use an approved list of managers so if a client is not right for Fairfield, they won't use that client.

Mr. Schaefer asked how many peers Callan has. Mr. Pellecchia discussed Callan's education and research. Mr. Malarkey asked how large their largest clients are. Mr. Pellecchia said a little over one billion. Mr. Malarkey also asked if they have expanded their support. Mr. Pellecchia said besides adding Mr. Shingler, Callan has hired two others. After Geoff Mullen asked about fund-of-funds, Mr. Pellecchia said Callan is a strong proponent of fund-to-funds. Mr. Hiller asked if one of Callan's first steps would be to review the adopted asset allocation as a result of the pending change in advisors. Mr. Pellecchia said Callan adopted this model about a year ago so it would review the asset allocation first and encourages a full-blown asset liability study in the near future. Mr. Vahey said since the Town's pension fund is 100% funded, would Callan change its strategies. Mr. Pellecchia said yes and they would take a little more risk off the table and further diversify, adding more asset classes. Mr. Hiller said the Board will have the opportunity to terminate Callan with a 90-day notice. He said the Town is obligated under the Town Ordinance to have someone in place. Mr. Hiller made a motion to accept the assignment of the contract to Callan and to move forward and direct Mr. Malarkey or the First Selectman to sign the contract by June 27, 2011. Mr. Schaefer seconded the motion which carried 10-0. Mr. Schaefer asked if at some point Callan would propose its own contract. Mr. Hiller said the fee for Callan runs through March 2012. First Selectman Mike Tetreau said that at least ninety days prior to March 2012, the Board should discuss whether or not it will renew with Callan.

#### IV. Discuss the Adopted Asset Allocation as a Result of Pending Change in Advisors

Mr. Hiller said Callan told him they are not familiar with Brevan Howard and asked the Town to wait 30 days and not liquidate any assets. Mr. Hiller said that this would give Callan an opportunity to look at Brevan Howard and he sees no downside to holding off. Mr. Malarkey wondered if it is unusual that Callan wouldn't know about Brevan Howard. Mr. Schaefer said it is not unusual. Mr. Vahey said he has yet to see a study showing fund-of-funds outperformed and he likes the Wellington Model. Erik Kalapir said that the Board had voted September 28, 2010 to give the First Selectman the authority to execute any and all documents in the name and on behalf of the Joint Investment Retirement Board ("Board"). Mr. Hiller read the resolution regarding signing and trading authority. Mr. Kalapir made a motion to amend the resolution to remove the names of Paul Hiller and Ken Flatto and just leave the titles as is so the resolution would now read: "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"): First Selectman of the Town of Fairfield and Member of the Board and Chief Fiscal Officer of the Town of Fairfield and Member of the Board. Mr. Schaefer seconded the amendment which carried 10-0.

#### V. Establish Appropriate Interest Rate for Employees Who Redeem their Contributions

Human Resources Director Mary Carroll Mirylees said she Mr. Hiller spoke with the pension and labor attorneys who advised having a more stable investment number—not 8%, but not the lowest rate either. Both plans should have the same number and votes should be separate. Mr. Vahey believes the rate should be 8%.

Mrs. Carroll Mirylees she doesn't know what the right rate is and would like the Board to think about it and put this back on the agenda for a vote by the Fall. First Selectman Tetreau recommended a subcommittee be formed to report back to the Board on the facts and how data showing how often this happens. Rose Sandick, Mr. Vahey, Mr. Hiller, and Mr. Kalapir will serve on the subcommittee. Mr. Vahey believes the rate should be considered further studied.

VI. Direct Fiscal Officer to Liquidate Certain Assets within the Funds for Purposes of Meeting Beneficiary Payments through August 1, 2011

Mr. Hiller said the town employee benefits increased by 2.7% as of July 1, 2011 because of COLA. He may need up to \$3 million by August 1, 2011 so he wants to sell up to \$1.5 million. Mr. Hiller made a motion to liquidate up to \$1.5 million of either the S&P 500 or International CWI fund for benefit payments and other needs through August 1, 2011. Mr. Mullen seconded the motion which carried 10-0. Mr. Hiller said the Town will make 50% of the payments in early August and the other 50% in early February, 2012. Mr. Hiller said he deposited the balance of all employee contributions about three weeks ago and employee contributions go in quarterly.

VII. Elect New Members to Board's Litigation Committee

Mr. Hiller said Bonnie McWain is still employed. Mr. Hiller nominated Mike Tetreau to serve on the Board's litigation committee and replace Sherri Steeneck. Mr. Kalapir seconded the motion which carried 10-0. First Selectman Tetreau suggested an orientation for new board members and said the board should know about new RTM ordinances.

VIII. Public Comment-None

IX. Adjourn

Mr. Vahey made a motion to adjourn the meeting at 7:01 pm. Mr. Mullen seconded the motion which carried 10-0.

Respectfully submitted,

Jennifer S. Carpenter  
Recording Secretary