

**JOINT RETIREMENT INVESTMENT BOARD MEETING**

**Tuesday, November 19, 2013—7:00 pm**

**Second Floor Conference Room**

**Independence Hall—725 Old Post Road**

**Fairfield, CT 06824**

**FINAL MINUTES**

Members Present: Bob Malarkey, Nancy Byrnes, Geoff Mullen, Sandy Herman, Mike Tetreau, Ken Rubano, Brian Vahey, Mike Mears, James Takami, Bob Mayer, Walter Burke, Erik Kalapir  
Members Absent: Scott Bartlett, Don Bowers, Fred Schaefer,

Others Present: Tom Shingler of Callan, Michael Arends and Matt Hart of Boston Company

**I. Call to Order**

Chairman Bob Malarkey called the meeting to order at 7:03 pm.

**II. Approval of Minutes of September 17, 2013**

Brian Vahey made a motion to approve the minutes. Mike Mears seconded the motion which carried 7-0-5 (Mike Tetreau, Sandy Herman, Mike Mears, Bob Mayer and Walter Burke abstained).

**III. Receive Presentation from Boston Company on Portfolio Review**

Tom Shingler of Callan said he asked Boston Company to give an update to the Board so the Board can better understand the Company since there has been some turnover on the Board. Fairfield has had this manager's Mid Cap product for a long time and it has been performing well.

Michael Arends, the portfolio strategist for Boston Company, and Matt Hart, Relationship Manager with Boston Company, introduced themselves. Referring to a booklet handed out entitled, "US Mid Cap Opportunistic Value Equity to Fairfield Retirement System," Mr. Hart said Boston Company is a subsidiary company of Bank of New York Mellon. He gave a brief firm overview. In 2005, David Daglio, Jr. became the portfolio manager. The Company is adding some resources to its team. It has \$400 million of new assets this year. The Company has 198 institutional clients. Fairfield has been a client since 2000.

Mr. Arends discussed US Mid Cap Opportunistic Value Equity. He also gave an overview on the investment team. Mr. Arends then spoke about investment performance for the Fairfield retirement system as of September 30, 2013. He said the fund is doing very well and returns are in excess of 35% over the past year. Mr. Arends discussed the year-to-date attribution and investment guidelines. He reviewed the portfolio structure as of September 30, 2013 that includes sector weights, the ten largest holdings and characteristics. He discussed the Fund's outlook in 2014 and opportunities in the sectors.

**IV. To Hear Pension and OPEB Funds Performance Results for the Year and the Month Ended September 30, 2013 and October 31, 2013**

Mr. Shingler gave the Board a handout on the Town of Fairfield Pension Performance Review for the periods ended September 30, 2013. He discussed performance across US equity styles and gave a brief market background. Mr. Shingler also discussed performance across non-US equity styles, performance across bond styles, target versus actual asset allocation and asset allocation versus public fund peers. Mr. Shingler reviewed the investment manager returns through September 30, 2013. He said the last three year returns were very strong, especially the last year. Mr. Shingler discussed total fund performance rankings, summary observations, portfolio holdings and additional investment manager returns which included cash and OPEB. He said assets grew almost \$2 million in the OPEB due to contributions and investment gains in the quarter.

Mr. Shingler then gave the Board the October flash reports on the pension and OPEB. Referring to the pension flash report, Mr. Shingler said assets continue to grow and are driven mainly by investment gains. He discussed the Fund's performance and said the total fund in the last four months had a very strong return. Mr. Shingler also gave the Board a booklet on the quarterly performance report as of September 30, 2013.

#### V. Actuarial Valuation Report Timing and Discussion

Mr. Vahey, who recently presented at a Board of Finance meeting, said the BOF asked several actuarial related questions. He also expressed concern about the timing of the completion of the actuarial evaluation. Mr. Vahey suggests this Board get the actuarial data earlier in anticipation of questions from next year's BOF members. CFO Bob Mayer said his office has the estimated ARC requirements for 2015. He also stated his office will have the final numbers by the end of January. The actuarial firm will present the report at the Board's meeting in February.

#### VI. Discuss and Approve Meeting Dates for 2014

The Board discussed whether to continue meeting each month. The consensus is that most members want consistency in meeting almost every month. The Board decided to meet the fourth Wednesday of 2014 but to cancel meeting in August and December should it seem those are difficult months to obtain a quorum.

#### VII. To Hear CFO Report on:

##### -Pension Plan Cash Flow

Mr. Mayer gave the Board handouts on the statements on cash flow for the pension funds for fire and police and the town. He stated that absent a capital call and with investment of the latest Madoff recovery the plans will not have to raise funds until February and March. He recommended raising adequate funds at that time to carry the pension plan through the fiscal year end.

Discussion ensued regarding investment of the Madoff funds. Mr. Shingler recommended the money be put in fixed income if there was not a need for cash to be kept on hand.

Mr. Mears made a motion to take \$1.5 million out of cash and invest it into domestic fixed income. Nancy Byrnes seconded the motion.

Erik Kalapir asked about putting it into commodities but Mr. Shingler said that would not be his first choice so Mr. Kalapir said he'd defer to Callan's advice.

The motion carried 10-2-0, Vahey and Geoff Mullen against.

**-OPEB Trust Funds Revenue and Expense and Fund Balance**

Mr. Mayer said he set up accounting to track funds for transfer to OPEB. He referred to handouts on OPEB trust funds balance sheet and income statement for the year ended June 30, 2013. Mr. Mayer explained the police and fire's mandatory and discretionary OPEB funds noting that the mandatory account cannot be touched. He then reviewed total OPEB for all trust funds for both revenue and expenses. Mr. Mayer gave the Board Hooker & Holcombe, Inc's actuarial report for cash contribution purposed for the Town's Employees' retirement system dated July 1, 2012 and an actuarial report for cash contribution purposes for Fairfield police and fireman's retirement system dated July 1, 2012.

After Mr. Mears wanted the Board to consider moving money to domestic fixed income and reduce the S&P 500, the Board decided to vote on this item at its January meeting since the December meeting is being cancelled. Mr. Shingler discussed the discount rates and maintaining the allocation to equity consistent with the target over time, and staying with that strategic allocation as part of the overall asset allocation. When rebalancing, all available asset classes should be considered.

VIII. New Business-None

IX. Old Business-None

X. Public Comment-None

XI. Adjourn

Mr. Mears made a motion to adjourn the meeting at 9:40 pm. Mr. Mayer seconded the motion which carried unanimously.

Respectfully submitted,

Jennifer S. Carpenter  
Recording Secretary