

**JOINT RETIREMENT INVESTMENT BOARD MEETING**

**Tuesday, April 16, 2013**

**7:00 pm**

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

**FINAL MINUTES**

Members Present: Nancy Byrnes, Mike Tetreau, Geoff Mullen, Ken Rubano, Bob Malarkey, Mike Mears, James Takami (via phone), Bob Mayer, Don Bowers, Erik Kalapir  
Members Absent: Walter Burke, Brian Vahey, Scott Bartlett, Fred Schaefer  
Others Present: Tom Shingler of Callan, Mark Andrew of Lexington Partners

**I. Call to Order**

Chairman Bob Malarkey called the meeting to order at 7:05 pm. He introduced new member Ken Rubano.

**II. Approval of Minutes of March 19, 2013**

Mike Mears made a motion to approve the minutes of March 19, 2013. Don Bowers seconded the motion which carried 6-0-4, Erik Kalapir, Bob Malarkey, Ken Rubano and Bob Mayer abstaining.

**III. To Hear CFO's Report on Cash Flow**

Bob Mayer gave the Board an update on the Town and police and fire pension fund's statements of cash flow. Mr. Mayer informed that the transition out of Iridian had been completed. The Iridian cash was transferred to the police and fire and town employee plans. The Plans will require \$1.7 million additional funding to satisfy benefit obligations through July 1, 2013.

Mr. Mears made a motion to move \$1.7 million out of the Black Rock S&P 500 fund and fund the cash flow needs for the balance of the year. Geoff Mullen seconded the motion which carried unanimously.

Mr. Mayer gave the Board a handout on Madoff recovery and expenses as of 4/15/2013. He discussed recoveries and expenses.

Tom Shingler of Callan said the Madoff recoveries will be reflected in the next flash report and would be reported a gain in the hedge fund portion in the reports.

**IV. Lexington Portfolio Review Presentation**

Mr. Shingler gave the Board a booklet on Lexington Partners. He said Fairfield chose this manager in 2009, committing \$5 million to their Lexington Middle Market Investors Fund II, and they have performed very well for the fund. Mark Andrew of Lexington Partners discussed the portfolio. He gave an overview of the firm highlighting its geographical locations. He said the Lexington team has been around a long time. There have been no changes in management since Fairfield invested with Lexington. Returns have been strong.

Mr. Andrew discussed the global platform, the team, and substantial capital base noting that the bulk of the asset base dedicated to secondary acquisition funds. Mr. Andrew discussed the global secondary market review and its transaction volume. There is a long history of steady growth and Lexington expects another record year this year. Mr. Andrew discussed the strategy for Fairfield and the quality of the general partners it invests with. Mr. Andrew discussed the secondary acquisition fund targeting middle market buyout interests and the deal flow. Mr. Andrew gave the Board a handout on Lexington's Middle Market Investors II, showing a summary of Fairfield's investment since inception.

#### V. Discuss Index Fund Options for OPEB

Mr. Shingler gave the Board a booklet detailing the options for investments for the OPEB's trusts. He said the Board needs to approve OPEB options for US equity, global ex-US equity and core US fixed income. Mr. Shingler discussed index fund providers and said the Board can either use index funds or leverage off existing pension fund options. Mr. Shingler said Callan reached out to four of the biggest market providers—BlackRock, Mellon Capital Management, State Street Global Advisors and Vanguard. After reviewing each, Mr. Shingler suggests Vanguard for the US equity fund option. Mr. Shingler then discussed core US fixed income implementation options—index options, Smith Affiliated Capital (existing OPEB fixed income manager currently benchmarked to the Barclays Gov/Credit Intermediate) or Wells Capital Management (core fixed income manager for the Pension). Mr. Shingler suggested using Wells for US fixed income or a Vanguard or BlackRock index fund and using Vanguard for for the global ex-US index. Mr. Shingler summarized the discussion by suggesting the Board choose a US and non-US option but not pick a global option for equity.

Mr. Mullen made a motion that the Board agree with Callan and select Vanguard as the US equity fund option and index provider. Mr. Mears seconded the motion which carried unanimously.

Mr. Mullen made a motion that the Board agrees with Callan and selects Vanguard as the non-US equity fund provider. Don Bowers seconded the motion which carried unanimously.

After Board discussion, Erik Kalapir made a motion to select Wells Capital for US core fixed income. Nancy Byrnes seconded the motion which carried unanimously.

#### VI. Receive US Equity Transition Update

Mr. Shingler gave the Board a handout of the timeline of the US equity transition.

#### VII. To Hear Pension and OPEB Funds Performance Results for the Month and Nine Months Ended March 31, 2013

Mr. Shingler gave the board flash reports on the pension and OPEB. Regarding the pension, Mr. Shingler discussed the total fund as of March 31, 2013. He discussed actual versus target allocations for each asset class and the fiscal year to date investment manager returns. Mr. Shingler also reviewed investment manager returns for the period ended March 31, 2013. Mike Tetreau said the Board should continue the discussion on actual versus target asset allocation and achieving the target in private equity.

### VIII. Review Investment Policy Statement

Mr. Shingler discussed changes made to the IPS. Mr. Tetreau asked if the managers have a copy. Mr. Shingler recommended the managers review the guidelines and if they have alterations then they propose those changes to the Board to consider.

Mr. Mears made a motion to accept the changes as proposed by Callan. Ms. Byrnes seconded the motion which carried unanimously. The Board asked Callan to send the adopted IPS to the managers.

Mr. Mears withdrew his motion. Mr. Mears made a motion to accept the policy as updated by Callan with the addition of a table that shows the dates the Board approved changes and approved modifications of the original document. Ms. Byrnes seconded the motion which carried unanimously.

### IX. New Business-None

### X. Old Business

Ms. Byrnes asked about developing a new plan document and a handbook on a summary plan description. Mr. Mayer explained the history and said we have received an offer from a law firm to complete the project. The goal is for the document to conform with all IRS rules and regulations. Mr. Mayer will interview writers and a determination will be made whether to use legal counsel only or a combination of legal counsel and a professional writer to reduce costs.

Mr. Tetreau asked Callan to come back to the Board with a transition plan on Smith at the next meeting.

Then after discussion, Mr. Mears made a motion to terminate OPEB manager Smith Affiliated Capital and reallocate selected assets as per Mix Four (the new OPEB asset allocation) as soon as reasonably appropriate. Ms. Byrnes seconded the motion which carried unanimously.

### XI. Public Comment-None

### XII. Adjourn

Mr. Bowers made a motion to adjourn the meeting at 9:12 pm. Ms. Byrnes seconded the motion which carried unanimously.

Respectfully submitted,

Jennifer S. Carpenter  
Recording Secretary