

JOINT RETIREMENT INVESTMENT BOARD MEETING

**Tuesday, June 18, 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, Mike Tetreau, Bob Mayer, James Takami, Don Bowers, Mike Mears (arrived 7:42 pm), Ken Rubano, Walter Burke, Erik Kalapir, Brian Vahey
Members Absent: Fred Schaefer, Scott Bartlett, Geoff Mullen
Others Present: Tom Shingler of Callan and Gary Robertson of Callan via conference call

I. Call to Order

Chair Bob Malarkey called the meeting to order at 7:04 pm.

II. Approval of Minutes of April 16, 2013 and May 21, 2013

Bob Mayer made a motion to approve the minutes of April 16, 2013. Nancy Byrnes seconded the motion which carried 7-0-3 (Brian Vahey, Mike Tetreau, and Walter Burke abstained).

Mr. Vahey made a motion to approve the notes of May 21, 2013. Ms. Byrnes seconded the motion which carried 6-1-3 (Mayer opposed; Tetreau, Takami and Byrnes abstained).

III. To Hear CFO's Report on:

-Cash Flow

Mr. Mayer referred to cash flow handouts for the pension fund for fund account, town employees and police and fire.

-Pequot Capital Liquidation of Trust Assets Notification

Mr. Mayer said Pequot sent a notice that the liquidation has been completed and final distribution made.

-To Hear, Consider and Act Upon Record Retention Policy

Mr. Tetreau made a motion to postpone to a date certain of the next regular meeting to approve the policy. No one seconded the motion.

Mr. Vahey made a motion to accept the proposed record retention policy. Mr. Takami seconded the motion which carried 9-0-1 (Mr. Tetreau abstained).

IV. To Hear Pension and OPEB Funds Performance Results for the Month and Eleven Months Ended May 31, 2013

Tom Shingler gave the Board a flash report (the Investment Measurement Service Monthly Review) as of May 31, 2013. He discussed the total fund and said assets were up from April due to positive investment returns in May. He noted that the share class for the Euro Pacific fund was switched to the R6 share class, saving over \$100,000 in annual fees based on current assets. Mr. Shingler discussed investment manager returns for the fiscal year-to-date.

Mr. Shingler discussed the total fund benchmark. Mr. Shingler is still confirming with two other managers on fees. He explained the meaning of share classes. He said Pequot will be taken

off the flash report by next month due to liquidation being completed. Overall, there has been a strong return environment. Mr. Shingler then discussed the flash report for OPEB.

V. To Hear, Consider and Act Upon Funding of Lexington Partners Middle Market Investors III
Mr. Shingler gave the Board a handout on a projected private equity funding schedule and a memo on Lexington Middle Market Investors III. He said Fairfield has already committed to Lexington Middle Market Investors II and Mesirow Fund VI. Gary Robertson of Callan, their head of private equity research, participated in the meeting by conference call. Mr. Robertson discussed the private equity projection model for Town of Fairfield. Mr. Robertson discussed the model in detail, including the assumptions used in the model, and the development of the Fairfield private equity program and building the 5% policy target allocation over time with commitments to complementary managers Mesirow and Lexington. He discussed the asset build from new commitments and how managers raise and deploy capital. Mr. Shingler said the Board should review private equity once a year.

Mr. Robertson then discussed a memo on Lexington Middle Market Investors III, the next fund that Lexington is launching in its Middle Market product after Middle Market Investors II. He talked about the Lexington organization and their strategy and how it is complementary to Fairfield's other PE manager, Mesirow. Mr. Robertson reviewed a table on Lexington performance and discussed the fundraising status of LMMI III. Based on Callan's review of the LMMI III marketing materials, including the interim performance of the prior two funds, and Callan's familiarity with the Lexington organization, Callan concurred with Fairfield that a reinvestment with Lexington in the LMMI III investment vehicle is appropriate. Based on Callan's updated projection modeling of Fairfield's private equity commitment pacing, they suggested that \$10 million is an appropriate commitment size.

Mr. Mayer made a motion to invest \$10 million into the Lexington III fund. Mike Mears seconded the motion which carried unanimously.

VI. New Business

Mr. Vahey said there is no policy on when to rebalance. Mr. Shingler discussed the current rebalancing policy that is in the IPS, suggested either amending the policy IPS to account for the funding of private equity over a number of years or developing a recommendation on moving assets, based on the current policy.

Mr. Mayer made a motion to trim 1.94% of plan balance from domestic equity and increase domestic fixed by 1.33% and commodities by .61%. Ms. Byrnes seconded the motion. Mr. Mayer then withdrew his motion.

Mr. Mayer made a motion to trim 3% of the pension plan balance per the flash report from domestic equity (Black Rock) and increase investments on domestic fixed by 1.33%, commodities by .61% and cash by 1.06% of plan balance. Mr. Vahey seconded the motion which carried 10-1-0, Walter Burke opposed.

Mr. Shingler will come to the next meeting with suggestions on amending the guidelines.

VII. Old Business-None

VIII. Public Comment-None

IX. Adjourn

Ms. Byrnes made a motion to adjourn the meeting at 8:35 pm. Mr. Vahey seconded the motion which carried unanimously.

Respectfully submitted,

Jennifer S. Carpenter
Recording Secretary