

**MINUTES OF
PENSION AND RETIREMENT BOARD
SPECIAL MEETING HELD
JANUARY 30, 2012 – 7:00 P.M.
PARSONS GOVERNMENT COMPLEX**

MEMBERS PRESENT

J. Sartor
P. Staneski
G. Kimmel (Alt.)
L. Lah (Alt.)
D. Sharoh
R. Lynch
F. Murphy (Alt.)
G. Behrle (Alt.)
T. Beirne
M. Hedman
P. Beckwith
T. Bradbury
R. Smith (Alt.)
C. Cody

MEMBERS ABSENT

R. Elwell
T. Piskura (Alt.)
W. Shea
R. Riordan (Alt.)
K. Ali
L. Mahoney
M. Chaco
S. Firmender (Alt.)

ALSO PRESENT

John Beirne, Merrill Lynch
John Oliver Beirne
John Geller, Fidelity
Kodialam Rajini, Focus Financial
City Atty. Jonathan Berchem
Mayor Ben Blake
Jane Sterback, Pension Office
Maryanne DeTullio, Rec. Secr.

Acting Chairman Cody called the meeting to order at 6:59 p.m.

Acting Chairman Cody stated that Chairman Sartor asked him to handle the special meeting this evening.

John Beirne stated that when Bank of America took over Merrill Lynch a study was done regarding municipal pension funds. It was announced in April, 2011 to everyone in the firm that no one could represent a new public pension fund account of any kind. The advisors were also informed that they could not rebid an account if that situation arose. He stated that it became progressively more difficult to keep the process going which had been in place for over 35 years. He stated that he has terminated his contract with Merrill Lynch and has opened his own independent firm.

Mr. Beirne stated that as part of the progress of opening his own firm he has teamed up with Focus Financial Partners. Focus Financial Partners has helped them establish their company and has helped them getting everything in place. He stated that they wanted to do what was right for their clients and have everything necessary at hand to bring outstanding investment results. Mr. Beirne stated that one of the most important things that they had to do was have a custodian in place who could hold the assets.

He stated that they worked with Focus Financial Partners in doing research and came up with Charles Schwab and Fidelity as the two best choices. He stated that they felt that the best firm would be Fidelity.

John Geller, Fidelity stated that they are a privately held company. He stated that they will be holding the assets. He stated that they have no conflicts and will attempt to keep the cost low for their services. The assets will be segregated and no manager changes will result. John Oliver Beirne stated that they also did research on a lot of custodian firms and liked Fidelity because for one they are privately held and have a very good reputation. They have an open platform and could line with up all the managers with no problems.

Tom Beirne asked the amount of fees paid to Merrill Lynch. John Beirne stated that the fees would stay the same as the fee paid to Merrill Lynch was 15 basis points. Mr. Sartor stated that the fees paid to each manager were negotiated with the Board and the individual manager and Merrill Lynch had nothing to do with that.

Kodialam Rajini, Focus Financial Group stated they allow a company to be independent and provide them access to resources which are usually available to large organizations. She stated that they do not own any products and they are not custodians. They work with Fidelity but are not related to them. She also stated that no fees are paid to them. She stated that they are basically helping them run their business.

Mr. Geller stated that they will provide monthly performance reports and will be sending out the data to their reporting service. Ms. Rajiani stated that they are fully insured.

Mr. Cody pointed out that Mr. Beirne always attended the monthly meetings and gave a lot of attention to the portfolio. Mr. Cody asked what kind of issues were they having with Merrill Lynch. Mr. Beirne gave an example of when the Board was considering investing in precious metals. He asked for some names of managers that worked in that area and was only given two names by the Merrill Lynch research department. He stated that one of the names given invested in mutual funds which is not allowed for municipal pension funds. He stated that a lot of hurdles were set up that he had to go through in managing the municipal pension fund.

Mr. Cody stated that the Board is going to have to look at the process by which we are going to alter the relationship with Merrill Lynch. Mr. Beirne stated that Merrill Lynch will not retain the account. He stated that no one there could take on a new institutional pension fund. Mr. Cody asked where that left the City of Milford in the interim. Mr. Beirne stated that it does leave it at some risk. Mr. Sartor asked if it changed anything with the managers and Mr. Beirne stated that they will continue to invest the way they have been.

Tom Beirne stated that it appears that the Board will have to make a decision rather quickly. He stated that because of the amount of the fees paid out he was not comfortable making this type of decision tonight. Mr. Cody stated that no decisions will be made this evening. He stated that the Board is getting information on how to

proceed. He also pointed out that the fees paid to the managers were negotiated separately with each manager. Mr. Staneski stated that the fees paid to Merrill Lynch were very reasonable. Mr. Sartor stated that a few years ago a member had questioned the amount of the fees and costs and they are reasonable. He stated that it is important to have the right service and advice.

Mr. Kimmell asked if the Board had any contractual relationship with Merrill Lynch and Mr. Beirne stated that they did not. Mr. Hedman asked if there was any fee to transfer the assets to Fidelity and Mr. Geller stated that there is not.

Atty. Berchem stated that he would recommend that the Board go out for a RFQ since this would be for professional services.

A motion to adjourn the meeting was made by Mr. Sartor, seconded by Mr. Hedman and carried unanimously. The meeting was adjourned at 8:15 p.m.

ATTEST:

Maryanne DeTullio
Recording Secretary