CITY OF NORWALK
MUNICIPAL EMPLOYEES' PENSION BOARD
WEDNESDAY, DECEMBER 9, 2009

ATTENDANCE: Michael Sweeney, Chairman; Gerald Moran; Frank Nash; Charles Pirro; Joseph Pramer; Etta Jones, Custodial Union; Marilyn Maitland, NMEA

STAFF: H. James Haselkamp, Jr., Director of Personnel & Labor Relations; John Schlosser, Personnel Administrator; Fred Gilden, Comptroller; Tom Hamilton, Director of Finance

OTHER: Laura Kunkemueller, EAI, Senior Consultant; Ellen Petrino, EAI, Principal/ Senior Consultant;

CALL TO ORDER AND
APPROVAL OF MINUTES FOR OCTOBER 14, 2009,
NOVEMBER 11, 2009 AND NOVEMBER 18, 2009

Chairman Sweeney called the meeting to order at 6:00 p.m.

Minutes of October 14, 2009

**** MR. NASH MOVED TO APPROVE THE MINUTES OF OCTOBER 14, 2009 AS SUBMITTED.**

**** MR. MORAN SECONDED.**

**** MOTION PASSED UNANIMOUSLY.**

Minutes of November 11, 2009

The correction to the minutes of November 11, 2009 is as follows:

In the sentence, "The sense of the Board was that a vote should be taken at the next meeting to permit Zesiger to invest up to 50% of the publicly traded equity assets in its portfolio in emerging markets.", The word "emerging" should be changed to "international, including emerging markets".

**** MR. PIRRO MOVED TO APPROVE THE MINUTES OF NOVEMBER 11, 2009 AS AMENDED.**

**** MR. PRAMER SECONDED.**

**** MOTION PASSED UNANIMOUSLY.**

Minutes of November 18, 2009

The corrections to the minutes of November 18, 2009 are as follows:

Change the motion from “TRANSFER $6 MILLION…”to: “SELL $3M FROM ARTISAN AND $3M FROM SILCHESTER TO TRANSFER $6M TO THE CASH ACCOUNT...”

**** MR. PRAMER MOVED TO APPROVE THE MINUTES OF NOVEMBER 18, 2009 AS AMENDED.**

**** MR. MORAN SECONDED.**

**** MOTION PASSED UNANIMOUSLY.**

APPROVAL OF PENSION APPLICATIONS

Lena Turner, Early Retirement, Standard Form, $5, 294.21/month, and Lily Jean Cliburn, Regular, Standard Form, $2,291.21/month.

Some discussion took place regarding changing the form to be clearer and easier to fill out.

**** MR. PIRRO MOVED TO APPROVE THE PENSION APPLICATION FOR LENA TURNER AND LILY JEAN CLIBURN.**

**** MR. MORAN SECONDED.**

**** MOTION PASSED UNANIMOUSLY.**

REVIEW OF PRELIMINARY NOVEMBER PERFORMANCE BY EVALUATION ASSOCIATES AND DISCUSSION OF INVESTMENT MANAGERS

Ms. Kunkemueller distributed the November spreadsheets and structure. She said there was not much to report on the structure side. She noted that on page 2, the US Equity Performance was strong in November. For the month, Armstrong Shaw was struggling but they were ahead of the benchmark at the y ear-to-date mark. Wellington Opportunistic was slightly ahead of the benchmark for November but still lagging for the year-to-date period. Zesiger, year to date, was up 62.8% due to the international component, which was up 84%. LSV underperformed for the month but was solidly ahead of the benchmark for the year to date. The total domestic equity portfolio is up 31% year to date.

The absolute return managers are not fully participating in the equity market rally because their net exposure is not 100%. Artisan is up 37.7%, and Silchester is still lagging the benchmark with a 24.3% return year to date. The GMO Emerging Markets has a good absolute return of 62% for the calendar year.

Capstone continues to outperform, and Eaton Vance is up 42% year to date. Pimco All-Asset is slightly above the benchmark for the month.

Mr. Sweeney asked where PIMCO’s out performance was generated.. Ms. Petrino said it came from high-yield credit.

Ms. Kunkemueller pointed out the footnotes at the bottom of the page.

Macquairie has been in the portfolio for two years, and Alinda is at the 4 year mark.

Ms. Petrino said overall the portfolio is in good shape, and she said she noticed that funds were reallocated from Capstone to Pimco Total Return. She suggested a review of asset allocation in January.

OTHER BUSINESS

Mr. Nash provided information on managers for the Board to review. He distributed copies of Caxton's marketing information, noting that their performance was higher than Armstrong Shaw's performance. It was mentioned that Caxton is a long-only fund and can therefore be compared to Armstrong Shaw. Mr. Nash also provided a copy of Ssaris's portfolio, but said that this manager has a different strategy. Mr. Nash said that when a manager consistently underperforms, it is a reality that they most likely won't outperform in the future. It was mentioned that Mr. Pramer gave a copy of Filo-Smith's portfolio to Ms. Petrino for review. Ms. Petrino said that she will review all three of the new portfolios.

A question was raised that when a manager goes on warning, does the Board have a policy for monitoring. Ms. Kunkemueller explained the watchlist system that is in place. Each quarter any underperforming manager is put on this list, and then review each quarter to determine next steps. Discussion took place regarding the watchlist system. Ms. Petrino mentioned that a "Since Inception" column could be included on the reports generated by EAI's new performance system. This change will be made when the systems are converted in the first quarter. EAI will also produce a since inception net cash flow report for the quarterly book. Watchlist managers will be listed separately in the quarterly book.

ADJOURNMENT

**** MR. GILDEN MOVED TO ADJOURN.**

**** MR. PIRRO SECONDED.**

**** MOTION PASSED UNANIMOUSLY.**

The meeting was adjourned at 7:02 p.m.

Respectfully submitted,

Carolyn Marr
Telesco Secretarial Services

CITY OF NORWALK
OPEB COMMITTEE MEETING
WEDNESDAY, DECEMBER 9, 2009

ATTENDANCE: Michael Sweeney, Chairman; Gerald Moran; Frank Nash; Charles Pirro; Joseph Pramer; Etta Jones, Custodial Union; Marilyn Maitland, NMEA

STAFF: H. James Haselkamp, Jr., Director of Personnel & Labor Relations; John Schlosser, Personnel Administrator; Fred Gilden, Comptroller; Tom Hamilton, Director of Finance

OTHER: Laura Kunkemueller, EAI, Senior Consultant; Ellen Petrino, EAI, Principal/ Senior Consultant;

CALL TO ORDER AND APPROVAL OF MINUTES FOR JULY 8, 2009

Chairman Sweeney called the meeting to order at 7:02 p.m.

Minutes of July 8, 2009

**** MR. PIRRO MOVED TO APPROVE THE MINUTES OF JULY 8, 2009 AS SUBMITTED.**

**** MR. GILDEN SECONDED.**

**** MOTION PASSED UNANIMOUSLY.**

REVIEW OF PRELIMINARY NOVEMBER PERFORMANCE BY EVALUATION ASSOCIATES

Mr. Gilden said that the three tranches will be completed as of Friday, December 11, 2009. The full amount will be invested on Friday, December 11, 2009, and the money is expected to stay in the fund for at least 10 years.

REVIEW AND APPROVAL OF THE INVESTMENT POLICY STATEMENT

It was suggested that "Withdrawal Not Expected Until 2020" be added to the general portion of the Investment Policy Statement. It was agreed upon that the OPEB Committee will continue to meet on a quarterly basis.

More discussion took place regarding the revision of the Investment Policy Statement. Mr. Sweeney confirmed that this will be tabled until the Committee wants to invest in commodities and when the next $5M is available to invest.

It was decided to table the discussion of commodities and possible changes to the target asset allocations until January. No action was taken.

OTHER BUSINESS

None.

ADJOURNMENT

**** MR. GILDEN MOVED TO ADJOURN.**

**** MR. PIRRO SECONDED.**

**** MOTION PASSED UNANIMOUSLY.**

The meeting was adjourned at 7:17 p.m.

Respectfully submitted,

Carolyn Marr
Telesco Secretarial Services