REVISED 6/25/2010

CITY OF NORWALK
NORWALK MUNICIPAL EMPLOYEES' PENSION BOARD
MAY 12, 2010

ATTENDANCE: Michael Sweeney, Chairman; Joseph Pramer, Frank Nash; Gerald Moran, David Archer, Local Union 2405

STAFF: Fred Gilden, Comptroller; Thomas Hamilton, Finance Director John Schlosser, Personnel Administrator

OTHERS: Evaluation Associates: Ellen Petrino, Laura Kunkemueller

<u>Call to Order</u>

Mr. Sweeney called the meeting to order at 6:05 p.m.

<u>Approval of Minutes from April 14, 2010</u>

The minutes from the April 14, 2010 meeting were reviewed by the Board.

**** MR. NASH MOTIONED TO APPROVE THE MINUTES OF THE APRIL 14, 2010 MEETING AS SUBMITTED. ** MR. MORAN SECONDED.**
**** THE MOTION PASSED UNANIMOUSLY.**

<u>APPROVAL OF PENSION APPLICATIONS</u>

Name: Joan Papsun Commencement Date: May 7, 2010
Vested Option 3

**** MR. HAMILTON MOVED TO APPROVE THE PENSION APPLICATION FOR JOAN PAPSUN COMMENCEMENT DATE: MAY 7, 2010 AS SUBMITTED.**
**** MR. MORAN SECONDED.**
**** MOTION PASSED UNANIMOUSLY.**

<u>Review of Preliminary March Performance by Evaluation Associates</u>

Ms. Kunkemeuller distributed The City of Norwalk Fund Structure as of April 30, 2010 and stated that the total fund is at $327,087,819 and the actual allocations are close to the approved targets. Performance is in line with the custom benchmarks.

She provided the Performance Measurement report showing data as of April 30, 2010 along with a review by manger and asset class. She also highlighted the managers that appeared on the "Watch List" for the first quarter: Armstrong Shaw, LSV, and Artisan.

Review of Cash Needs

Mr. Sweeney stated that there was a question regarding last month's motion to hire Blackstone and there needed to be clarification on the share class of the approved investment. There was a discussion of a flat fee versus performance incentives. Ms. Petrino recommended the flat fee as Blackstone has historically outperformed the benchmark..

** **MR. PRAMER MOTIONED TO INVEST IN THE BLACKSTONE COMMODOTIES CLASS B SHARES.**
** **MR. GILDEN SECONDED.**
** **MOTION PASSED UNANIMOUSLY.**

Mr. Sweeney asked what the cash flow needs were, and Mr. Gilden replied that he will need to take approximately $4 million in June for pension payments. Discussion followed about the source of these funds and the liquidity of the vehicles in which various equity strategies were invested.

** **MR. PRAMER MOVED TO TAKE $2 MILLION FROM ZESIGER AND $2 MILLION FROM SILCHESTER TO RAISE THE $4 MILLION NEEDED FOR UPCOMING BENEFIT PAYMENTS.**
** **MR. NASH SECONDED.**
** **MOTION PASSED UNANIMOUSLY.**

Fixed Income Market Review

Ms. Petrino introduced Ms. MaryAnn DiMaggio, Director of Global Fixed Income from Evaluation Associates, who presented a research report and outlook on fixed income. She provided an overview of the bond market, reviewed bond market returns, and highlighted investment risks both as a projected increase in interest rates via policy moves and as a result of excessive debt issuance.

The presentation included comments on historical taxable market yields and the debt bubble's impact on interest rate levels. . Ms. DiMaggio reviewed the economic environment entering 2010 and provided charts illustrating, debt levels, forecasts for inflation, exchange rates, foreclosure activity and economic growth rebound expectations. She explained that Treasury Inflation Protected Securities (TIPS) are Treasury bonds whose principal is adjusted for inflation; the difference in yield between nominal Treasuries and TIPS is a gauge of the market's expectation for future inflation.

Other Business

Mr. Sweeney asked if there was an update on the Board replacement, and Mr. Hamilton stated that he would check with the Mayor and advise the Committee at next month's meeting.

Mr. Sweeney asked if there was a determination of whether a meeting was scheduled for July and August, and Ms. Petrino stated that she would look into the minutes to see if there was an August meeting to be scheduled at this time.

Mr. Sweeney suggested that a review by ABS would be valuable and asked if it was possible to schedule them for next month's meeting. Ms. Petrino stated that she would have them in for their Performance Review and would provide a review of the infrastructure funds.

ADJOURNMENT

** **MR. PRAMER MOVED TO ADJOURN.**
** **MR. MORAN SECONDED**
** **MOTION PASSED UNANIMOUSLY.**

The meeting was adjourned at 8:25 p.m.

Respectfully submitted,

Marilyn Knox
Telesco Secretarial Services