NORWALK MUNICIPAL EMPLOYEES' PENSION BOARD MINUTES

FOOD SERVICE PENSION BOARD
SEPTEMBER 14, 2005

ATTENDANCE: Charles Pirro, Acting Chairman; Catherine Tortorella; Ed Cogswell

STAFF:

OTHER:

CALL TO ORDER

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

** MR. COGSWELL MOVED TO APPROVE THE MINUTES.
** MS. TORTORELLA SECONDED.
** MOTION PASSED UNANIMOUSLY.

PENSION APPLICATION OF M. LONGO

5 years, 8 months of service, age 65, $15,649.44 annual salary, normal selection, $1,774.68 annual, $487.90 monthly.

** MR. COGSWELL MOVED TO APPROVE PENSION APPLICATION OF M. LONGO.
** MS. TORTORELLA SECONDED.
** MOTION PASSED UNANIMOUSLY.

** MR. COGSWELL MOVED TO ADJOURN.
** MS. TORTORELLA SECONDED.
** MOTION PASSED UNANIMOUSLY.

The meeting was adjourned at 6:03 p.m.

Respectfully submitted,

Carolyn Marr
Telesco Secretarial Services

Revised 11/27/05
PENSION BOARD
SEPTEMBER 14, 2005

ATTENDANCE: Charles Pirro, Acting Chairman; Patricia McCormick; Michael Sweeney

STAFF: Fred Gilden, Comptroller

OTHER: Ellen Petrino, EAI; Ms. Melissa Shapiro, Northern Trust

CALL TO ORDER

Acting Chairman Pirro called the meeting to order at 6:12 p.m.

6:00 P.M. NORTHERN TRUST

Ms. Melissa Shapiro from Northern Trust said that she began working at Northern Trust eight years ago. She has been in her client servicing role for over six years. She is the single point of contact. Her compensation is based on feedback and client surveys. Ms. Petrino said that Northern Trust is a very customer oriented company.

Ms. Shapiro gave an overview from the presentation document. She said that in February she had presented their webex demo to show them Northern Trust's on-line system.

On page 1, it shows that Northern Trust has $2.7 trillion in assets under custody as of June 30. They are also providers of asset management. They work with over 1,400 investment managers, and they have settlement capabilities in 89 markets. The business is divided into two segments, Corporate and Institutional Services, and Personal Financial Services. The City of Norwalk is part of the Public Funds Group, with 100 public fund clients, and $377 billion in assets.

On page 4, she pointed out the ownership structure. 84% of the employees own Northern stock.

On page 6, she outlined the Application of "Best Practices" to Relationship Management. Ms. Petrino said that Ms. Shapiro is also the Client Services Manager.

On page 9, Ms. Shapiro reviewed the Tax Reclamation Overview. Once dividends post for a particular security, the system will automatically perform an analysis. It will then create a reclaim. The way the tax recoverables are determined is based on the tax withholding rate as well as the tax matrix. It varies from country to country. She suggested moving the tax recoverables over to Zesigner. There is foreign money in the Lazard account, and she suggested to move it to over to cash.

The Board members asked for more detail about how managers pay a fee for the services. The money manager selects the broker for 70% of the trade. Most of the managers do trades for 2 or 3 cents a share. They ask that 30% goes through Able-Nosser. They keep 2% and then rebates are sent in a check to you through Northern Trust. ….. Mr. Sweeney asked about the relationship with Able-Nosser. Ms. Petrino said they are selected because they do the trade reporting. Ms. Petrino suggested that they review the Able-Nosser report as a group when it's published. The trade execution is an analysis of all trades from Northern Trust on a quarterly basis and shows competitive companies from everywhere. There wouldn't be a cost savings if they told managers to use Able-Nosser. The reports are available online.

On page 19, Ms. Shapiro talked about Securities Lending. It is a low-risk investment activity. It will not affect the Manager's portfolio. Not all securities are valuable for securities lending.

On page 21, it outlines some risks. If Northern Trust was at fault, they would come up with the collateral.

On page 23 and on page 25, when TCW was cancelled and the money was transferred into Wellington, you can see a difference.

Mr. Sweeney confirmed that the securities lending more than pays for the services of Northern Trust. It's 60% to the City and 40% to Northern Trust. It's a major source of revenue for the bank. Mr. Sweeney asked if there were other areas that they should look at for investing. Ms. Petrino said that would come through the consultant. They used Northern Trust for transition management when they were buying and selling.

EAI – ELLEN PETRINO

Presented her Introduction to Evaluation Associates. It is a standard marketing presentation. The Company was started in 1976 and is now wholly owned by Milliman since January 2004. Ms. Petrino said she is one of the founders. They have 150 retainer relationships, and they manage $300 billion in assets, ranging from $50M to $50 billion.

There are 28 consultants, 10 research analysts, 18 performance measurement analysts, and 8 information services programming people.

On page 4, the clients are listed. There are not many public funds.

On page 22, it shows the absolute return equal to the hedge funds. Ms. Petrino said she will put together information on public funds for the next meeting. They will continue to look at asset allocation and discuss possibilities over the next few months.

Ms. Petrino said she is very satisfied with where they are now.

Ms. Petrino said that pay to play is being investigated now by the SEC. It is a Manager research service where they sell database information. There is a list of Managers on page 38. It would be available in every single search. The fees are in the $15,000-$20,000 range for the services.

Acting Chairman Pirro asked Ms. Petrino to send her document to the other board members who were not present.

Ms. Petrino said that the Managers on watch are Artisan. Capstone is getting 14 basis points, not percentage. The normal pay would be 45 basis points. It's 30 basis points there. The cash flow puts about $7M annually into the fund; $12M goes out. It's about a $5M net outflow. Total fund is $323,323,447.00.

APPROVAL OF MINUTES OF JUNE 8, 2005

There was no quorum present to vote.

APPROVAL OF PENSION APPLICATIONS

There was no quorum present to vote.

There was discussion surrounding the approval of the pension applications. It was decided to review them, and have all Board Members be contacted either via phone or email for purposes of approval.

OTHER BUSINESS

There was nothing to report.

ADJOURNMENT

The meeting was adjourned at 8:15 p.m.

** MR. SWEENEY MOVED TO ADJOURN.
** MS. MCCORMICK SECONDED.
** MOTION PASSED UNANIMOUSLY.

Respectfully submitted,

Carolyn Marr
Telesco Secretarial Services