NORWALK MUNICIPAL EMPLOYEES' PENSION BOARD MINUTES

Minutes from Meeting
PENSION BOARD
MAY 11, 2005

ATTENDANCE: Jim Murphy, Chairman; Larry Manzi; Michael Sweeney; Patricia McCormick (6:15 p.m.)

STAFF: Sara LeTourneau, Personnel Director; Fred Gilden, Comptroller

OTHER: Karen Nolting, EAI; Ellen Petrino, EAI

CALL TO ORDER

Chairman Murphy called the meeting to order at 6:02 p.m.

APPROVAL OF MINUTES FOR APRIL 13, 2005

** CHAIRMAN MURPHY MOVED TO TABLE APPROVAL OF MINUTES FOR APRIL 13, 2005 AND MARCH 9, 2005.
** MOTION PASSED UNANIMOUSLY.

APPROVAL OF PENSION APPLICATIONS

Chairman Murphy reviewed the four pension applications.

1. Ellison Bookhard, 17 years and 2 months of service, age 76, regular pension, final average salary $36,209.60, option normal, annual benefit $12,438.00, monthly benefit, $1,036.50, commencement date August 1, 2005.
2. Barry Bellardinelli, 28 years and 5 months of service, 61 years, early retirement, final average salary $73,854.02, option #1, annual benefit $38,238.00, monthly benefit $3,186.50, commencement date July 1, 2005.
3. Dave McGill, 12 years and 6 months of service, age 62, regular pension, final average salary $36,209.60, option #2, annual benefit $7,680.00, monthly benefit $640.00, commencement date July 1, 2005.
4. Phyllis Morgenthaler, 23 years and 9 months of service, age 71, regular pension, final average salary $35,193.33, option #3, annual benefit $15,198.00, monthly benefit $1,266.50, commencement date July 1, 2005.

Mr. Sweeney asked if all the options had been outlined to the employees. Chairman Murphy said yes. The SPD document is now in place. Mr. John Smith, a former board member and Comptroller for the City, had chaired the committee previously and has been asked to come back and assist with pre-retirement options. Mr. Gilden will be in charge of setting up a subcommittee meeting.

** CHAIRMAN MURPHY MOVED TO APPROVE PENSION APPLICATIONS.
** MR. SWEENEY SECONDED.
** MOTION PASSED UNANIMOUSLY.

ARMSTRONG SHAW

Mr. Jeffrey Shaw, CEO and Ms. Terry Newman, Principal, presented their report.

Armstrong Shaw was founded in Stamford, has been in business since 1984, and is now located in New Canaan. The 20 person, employee-owned company currently has over $7 billion under management. They have never lost a principal to another firm. They have a low turnover rate. There are 30 to 40 companies in the portfolio. They value themselves on value approach, fundamental approach, and team approach. They are the largest holder of Office Depot stock.

The compound rate of return is 15%. Their largest client in terms of dollars is $480M. Their largest individual client in terms of dollars is $280M-300M.

Ms. McCormick arrived at 6:15 p.m.

T. ROWE PRICE

Mr. Doug Greenstein, New Business Development Manager for the Northeast, Mr. Ron Taylor, Portfolio Specialist Equity Group, and Mr. John Linehan, Portfolio Manager Large Cap Funds, presented their report.

Asset management is their sole business, and there is $235.9B under management. It is an independent and publicly owned company, with about 30% of the stock owned by the employees. They have been managing large-cap value stocks since 1985. Their style and philosophy is in investing in large cap stocks and diversified portfolios. That has led to strong results consistently over time. They have unparalleled access to management teams. There are 70-80 companies in the portfolio, and there is a heavy focus on stock selection. The four things that T. Rowe Price prides itself on are the leverage of a research platform; the mindset of being investors, not traders; consistency, and having employed the same principles since inception.

BEAR STEARNS ASSET MANAGEMENT

Mr. Jeffrey Simon, Senior Managing Director, and Mr. Dave Silk, Managing Director, presented their report.

Bear Stearns Asset Management is a subsidiary of the Bear Stearns Companies, Inc., founded in 1984. It is approximately 40% employee owned. They have 50 companies in the portfolio. There is $32.7B under management. They have a team approach to investment management. They have not been involved in any litigation with the SEC.

The investment approach is to find undervalued stock. Currently the portfolio is concentrated in quality mega-cap stocks, which have been out of favor with investors.

There was some discussion regarding the initial impression of all three presenters. The small and mid-cap funds probably won't do well going forward. Two of the firms had their fee structures in their information. They appeared to be similar and negotiable. Armstrong Shaw's initial impression was very strong. Both Armstrong Shaw and Bear Stearns emphasized quality. The board initially wanted a decision made by the next meeting, but it was decided that they would give $15M to Armstrong Shaw, and they would give $15M to Bear Stearns Asset Management.

** MR. SWEENEY MOVED TO APPROVE AUTHORIZATION ISSUING $15M TO ARMSTRONG SHAW, AND $15M TO BEAR STEARNS ASSET MANAGEMENT.
** MS. MCCORMICK SECONDED.
**` MOTION PASSED UNANIMOUSLY.

OTHER BUSINESS

None.

ADJOURNMENT

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

The meeting was adjourned at 8:55 p.m.

Respectfully submitted,

Carolyn Marr
Telesco Secretarial Services