NORWALK MUNICIPAL EMPLOYEES' PENSION BOARD MINUTES

MARCH 13, 2002

ATTENDANCE: James Murphy Chairman; Chris Pierre, Frederick Gillen, Comptroller; Rebecca Hoofer; Chris Tore; Patricia McCormick, NEFP Representative; Don Nelson; Michael Salvador; Alvin Mossy (6:30 p.m.)

ABSENT: Frank Sarno, Vicky Bode

OTHERS: Ellen Pertain, EAI; Sara LeTourneau, Director Personnel

Boston Company - Peter Ruggles, Mike Palermo; Segal Company - Bill Woollacot

CALL TO ORDER

Mr. Murphy called the meeting to order at 6:00 p.m.

APPROVAL OF PENSION APPLICATIONS

Ursula Field 8 yrs. 2 mo. Regular/Normal $7,002.00/$583.50

Belle L. Harris 17 yrs. 9 mo. Early/Normal $11,022.00/$918.50

Violet P Owens 6 yrs. 1 mo. Regular/Opt. #3 $5,286.00/$440.50

Curtis J Jones 25 yrs 1 mo. Early/Opt. #3 $15,216.00/$1,268.00

Willie Steward 18 yrs 7 mo. Early/Opt. #1 $13,440.00/$1,120.00

Beri M Harris 40 yrs 7 mo. Regular/Normal $2,871.00/$34,452.00

** **MR. NELSON MOVED APPROVAL OF THE PENSION APPLICATIONS.**

** **MOTION PASSED UNANIMOUSLY.**

Mr. Murphy asked that Ms. LeTourneau go back to the employees to be sure that they understand their choices.

BOSTON COMPANY - PETER RUGGLES, MIKE PALERMO

Mr. Ruggles and Mr. Palermo discussed the written report. They reported that the performance was good relative to the markets and were very pleased and the Board asked that they keep up the good work..

SEGAL COMPANY –BILL WOOLLACOT

Mr. Woollacot reviewed page 32 of the actuarial documentation. It was noted that females live longer and therefore the statistics reflect this information. There was a comparison of disabled individual before age 65 as well as the mortality rate of the disabled.

The question was raised as to how the withdrawal rate was determined. Mr. Woollacot stated it was dependent on the type of industry.

Salary scale was determined at 5% which seemed high, but included projections for salary increases. Net investment return was projected at 8-1/2% per year. This depends on what the return would be on the stocks. Investment is a long-term assumption. Mr. Murphy said he had a meeting regarding this 8-1/2% recommendation and he was concerned whether it could be met over the next 10 years. Mr. Woollacot replied it is not a 10 year target. He stated that an investment would have to be 60/40 to meet the percentage. Other towns have lower rates, such as 8% to 8 1/4%, but contributions are lower. Eight percent was the number suggested in view of the optimal results in the last two years and the state of the economy.

The Board asked that an analysis be run using the 1994 table and the current table figures. The valuation will be performed after June 30.

Mr. Woollacot stated that the smoothing should be retained and possibly a five-year time frame should be used. Once the information surveys are received the compiled data is sent to Personnel to see if there have been any changes. Upon return of the information, two months is the time it usually takes to finalize. Mr. Murphy commented that the final actuarial reports are received in November/December. Mr. Woollacot stated that there were 800 data inquiries last year. He will send a listing for comparison to Mr. Gilden for the current census to eliminate names of individuals who are no longer on the plan.

The valuation process will:

- Review Plan assets and check City audit report
- Analyst prepares Valuation Report
- Valuation Reports reviewed by Plan Actuary
- Final review of Valuation Report by another actuary

The valuations are required every two years by government standards. The City is off cycle at present and another should be done next year to get back on cycle at a cost of approximately $40,000.

Mr. Murphy inquired whether other towns are taking action with the percentages. Mr. Woollacot stated many towns are concerned about the percentage rate, but it is hard to figure out what the rates will do as this is a long-term investment.

Mr. Woollacot distributed the disability study and there was a brief discussion with the Board. The Fire Department analysis was used as the basis of the discussion.

The question was raised whether the disability status of an employee is checked over time. The Personnel Department annually sends out questionnaires to the disabled participants determining if they are still receiving a Social Security disability check.

Mr. Woollacot will attend the October Pension Board Meeting in order to allow the Board to review the preliminary valuation report. He would then return in November to review the final report.

EAI - ELLEN PETRINO

Ms. Petrino distributed the composite reports as of February 28, 2002. She explained the numbers associated with Total Fixed Income and Total Fund. The last three years in the "Universe Funds" were shown as the best on the evaluation by Russell/Mellon. Risk measures were explained on subsequent charts. January 31, 2002 representing Fiscal-Year-To-Date was down by

-3.5.

Mr. Gilden inquired whether there were concerns with Levin & Co. Ms. Petrino stated there have been staff additions and the internal changes are good.

All members will received the TCW reports going forward.

REVIEW/APPROVAL OF THE MINUTES

FROM FEBRUARY 13, 2002

The following corrections or additions were made to the minutes:

Page 1st paragraph—should read "It was noted that she discussed performance with respect to Lazard as the Board noted their performance was not up to par. She was not suggesting a search at this time but in the future. She also mentioned they had been monitoring Zesiger and Scuudder …."

3rd paragraph –" …she commented that Capstone's results had been less than expected and asked that a from them letter be attached to their report.

Paragraph 4, 1st sentence should read…Ms. Petrino reported that the **overall** fund was down 3%."

Ms. McCormick's departure should be moved earlier in the minutes to page 2.

** **MS. HOEFER MOVED APPROVAL OF MINUTES OF FEBRUARY 13, 2002 AS CORRECTED OR AMENDED.**

** **MOTION PASSED UNAIMOUSLY.**

ANY OTHER BUSINESS: PENSION CONSULTANTS-RFP

Ms. Hoefer asked whether everyone had an opportunity to read the information sent out on the draft RFP and the consultant agreement. There were no comments or suggestions on the information. The only question was the length of time in the proposal. Mr. Gilden said that was not a fixed time. The time frame suggested to respond was15 days. Ms. McCormick asked what information is given to the consultants regarding the City's pension plans to be handled. The only information generally sent is the dollar amount of the portfolio. The City is looking for them to give input and advice as well as the cost to the City. The Board does not want someone to be an accountant, just an advisor.

Ms. Hoefer suggested reviewing the steps and then have the subcommittee meeting to review the RFP list. Adjustments to the draft were discussed and Mr. Gilden will make the changes. The effective date of the contract is open-ended upon thirty days written notice. The target date for a decision was agreed to be May 31st. The location of the advisor was a consideration because they should be able to attend the monthly meeting.

A question was asked whether the actuaries reported to the City or the Board. The comment was that they actually are paid by the City but report also to the Pension Board. Pension Board could interview.

The subcommittee will meet the actuaries that report into the City, not into the Board. However, Mr. Gilden stated that they should report into the Board for continuity. Mr. Murphy stated that the alternative to the City hiring the actuary, the Pension Board can interview for an actuary when a contract ends. Over a period of time they work with the City administration. As fiduciaries of the plan, the Pension Board is responsible to see that the plan is funded.

The subcommittee will meet within the next week or two at 6 p.m. on a Wednesday. An invitation will go out to all Board members.

ADJOURNMENT

**** MR. NELSON MOVED TO ADJOURN THE MEETING.**

**** MS. HOEFER SECONDED.**

**** MOTION PASSED UNANIMOUSLY.**

The meeting adjourned at 8:45 p.m.

Respectfully submitted,

Alvina L. Richardson Decker

Telescope Secretarial Services