NORWALK MUNICIPAL EMPLOYEES' PENSION BOARD MINUTES

Minutes from Meeting
FEBRUARY 13, 2002

ATTENDANCE: Charles Pirro, Acting Chairman; Frederick Gilden, Comptroller; Rebecca Hoefer; Chris Torre; Patricia McCormick, NEFP Representative; Don Nelson; Michael Salvator; Tim Scheibel, NASA Representative; Vicky Bove

OTHERS: Ellen Petrino, E.A.I.; Karen Nolting, E.A.I.

ABSENT: James Murphy ; Alvin Mosby ; Frank Sarno

CALL TO ORDER

Mr. Pirro called the meeting to order at 6:10 p.m.

LAZARD: CHRISTINA VON RIESENFELDER

AND MICHAEL BENNETT

Ms. von Riesenfelder addressed the Board. She introduced herself and Mr. Bennett and stated that Lazard was a global firm headquartered in New York City with offices around the world. She commented on the international equity team and the equity research teams that were divided up globally. She noted that they did 80% of their research internally. She explained their investment philosophy, goals and process.

Ms. von Riesenfelder talked a little about the market environment and discussed the performance of the portfolio. She explained that it was not a great year in a difficult market environment. She said that with the market as it was today the firm believed it would benefit the portfolio. She added that over the coming years the firm expected the international markets to do very well. She stated that the cash position of the portfolio was just over 2% of its $17 million dollar value.

Mr. Pirro asked for the January performance report and Mr. Bennett advised that they were down 4% last month. He commented that he echoed what Ms. von Riesenfelder had just said and he explained that even though they had matched the index they had hoped to do better.

Mr. Bennett reviewed the types of investment opportunities they had found in the market. He then reviewed the equity portfolio by sector and stated that it was 15% over weighted in Euro. He commented that hopefully in going forward they would get back in the next couple of years what had been lost the last couple of years.

Mr. Bennett reviewed the portfolio characteristics and discussed getting quality companies at an inexpensive price. He spent time discussing the outlook and stated it was good because of history, regional opportunities, currency and returns. He then explained annualized returns and stated that these things were cyclical.

He then discussed the firm's interest in buying good companies and said that he felt that the 00's were going to be the decade of the international market. He commented that almost 80% of the portfolio was in Europe and he discussed the outlook and the full integration of the Euro. He mentioned that this was something focused on by the consumer.

Mr. Bennett stated that Europe had actually performed well. He noted that the Euro weakness was the currency. He remarked that when the money was translated back to U.S. dollars about 30% was lost. He commented that their long-term view was that they were very good at picking stock but not good at currency. He stated that the portfolio position was that a lot of the capital was with Euro countries. He added that they were about 7% under weight.

Mr. Bennett then reviewed the global returns on equity. Ms. Petrino asked if there had been any organizational changes and Mr. Bennett advised that Mr. Bruce Wasserstein had joined the firm as of January 1st. Mr. Bennett stated that Mr. Wasserstein's position was in asset management and his arrival had no impact on their day-to-day operations or the portfolio they managed for

Norwalk. He then discussed the various people in the organization, the teams and the department heads.

Ms. McCormick left the meeting at 7:00 p.m.

EAI: ELLEN PETRINO – YEAR END PERFORMANCE REPORT

Ms. Petrino noted that she discussed peformance with respect to Lazard as the Board noted their results were 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 the Scudder Global Small Cap Growth Portfolio as well.

Mr. Pirro asked when Lazard was scheduled to present again and Ms. Petrino replied they would be back in a year. Mr. Pirro asked if they could come back sooner and Ms. Petrino stated that perhaps November would be good. She noted that at that point they would have 3 quarters of reports to review. She commented that Lazard had bad results as managers last year. She noted that they had ranked 55% and as a value manager they should have ranked higher. Mr. Nelson commented that Lazard's long-term results were not good.

Ms. Petrino stated that the Members had been sent the EAI performance reports and she noted that the results were that some of the managers had done a really good job. She reviewed the report manager by manager with the Members. After that she reviewed the risk return chart with the Board. She commented that Capstone's results had been less than expected and asked that a letter from them be attached to their report. She also commented that Morgan Stanley had a great year.

Ms. Petrino reported that the overall funds was down 3%. Mr. Pirro asked about Scudder and Ms. Petrino replied that they had created portfolio teams by integrating people. She remarked that she was comfortable but would monitor the situation.

Mr. Pirro stated that the EAI Report had noted \$15-\$16 million dollars in cash and he asked if that was a high amount. Ms. Petrino replied that the 5% cash was in all accounts. She remarked that cash was probably very low and that the actual cash account was \$4 million dollars and it would be drawn down by benefit payments.

APPROVAL OF PENSION APPLICATIONS

There were none this evening.

REVIEW/APPROVAL OF THE MINUTES

FROM JANUARY 09, 2002

The following corrections were made to the minutes:

Page 1, 1st Paragraph, 3rd Sentence should read: "He informed the Members that the minimum target was **$650 million dollars** and the final closing showed **$800 million dollars**."

**** MS. HOEFER MOVED APPROVAL OF THE MINUTES AS CORRECTED.**

**** MS. BOVE SECONDED.**

**** MOTION PASSED UNANIMOUSLY BY VOICE VOTE.**

OTHER BUSINESS

There was none.

ADJOURNMENT

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

**** MS. HOEFER SECONDED.**

**** MOTION PASSED UNANIMOUSLY BY VOICE VOTE.**

The meeting adjourned at 7:20 p.m.

Respectfully submitted,
Ann Marie DeLuca
Telesco Secretarial Services