

**January 19, 2011**  
**Regular Meeting Pension Plan B**

The Board of Trustees, Pension Plan B, met on the above date.

President Rosenberg called the meeting to order at 6:31 p.m.

Present: President Rosenberg, Vice President Ana L. Garcia, Treasurer Morley, Trustees Buck, Doris G. Garcia, Herlihy, Klein, Meszoros and Fire Chief Rooney

Absent: Trustee Lee

A motion was made and seconded to dispense with reading the minutes of the previous meeting; and the Board passed it unanimously.

**Treasurer Report:**

Trustee Herlihy motioned to accept the Treasurer's Financial Report for December 2010; Trustee Meszoros seconded and the Board passed it unanimously.

Treasurer Morley reported that Pension Plan B reached the 70 million mark as of December 31, 2010. The highest the Pension Plan has ever been. The low point was in the 40's. Basically, the asset allocation allowed them to survive and come roaring back. Dave Reiser will be at the February meeting.

**Old Business:**

1. None.

Trustee Klein asked what services were performed for the payment of \$5,000.00 to the law firm. Treasurer Morley responded because of the IRS situation. When the Attorney was retained she was told what was being done and if they were doing anything wrong to advise them. She found from that review that they were not in compliance with a requirement from the IRS. She prepared the necessary documents and is continuing to monitor the situation. The changes have to be incorporated into the Trust Agreement. It's a lengthy process and it is on-going.

Trustee Klein asked if they would have to approve whatever changes are made to the Trust Agreement. Treasurer Morley responded yes. Basically, there is not much approval to it. The Union nor the City have had any input into it, currently the Union Pension Attorney is reviewing the documents and George Kasper from Pullman & Comley is reviewing the documents for the City, they will have to be signed by the Mayor and Trustee Rosenberg and submitted to the IRS by the 31<sup>st</sup> of this month.

Trustee Klein asked if they were facing any kind of penalty. Treasurer Morley responded that they have two fees that have to be paid; one is called a VCP compliance fee which was discussed at a prior meeting for \$5,000.00 and a filing fee of \$1,000.00. The VCP is indeed a penalty.

**New Business:**

1. None.

Treasurer Morley reported that Morgan Stanley are recommending an Asset Allocation change and he was requesting approval from the Board. Basically, it is to reduce exposure on the International side and increase the exposure on the Domestic United States side for 5%.

Trustee Herlihy motioned to authorize Treasurer Morley to move the money; Trustee Ana Garcia seconded and the Board passed it unanimously.

Treasurer Morley reported that at the next month's meeting there will be a calendar year review for the year end December 31, 2010 by Dave Reiser.

Treasurer Morley reported that the City and Union are involved in negotiations and one possible item that may come out of the negotiation is that the active employees and their pensions would be transferred to MERF. MERF is the Municipal Employees' Retirement system under the State of Connecticut. What that means for the Board is that of the assets of Plan B with the transfer of those active employees, a transfer of money would also take place from Plan B assets to cover the liability for the active employees.

Treasurer Morley wanted everyone to be aware of it and he wants the Trustees protected during this transaction that is going to take place. He spoke with Attorney Eileen Marcs and she said there is no situation on the table, there is nothing to do at this point until the situation would present itself and her recommendation at that point and time is that they have independent professionals take a look at the situation before they act on it because there may be some requirements for the Board of Trustees during this transaction. In addition, if it does come before the Board, he believes that Eileen Marcs should come down and discuss it with the Trustees.

Trustee Klein asked if this is the subject of collective bargaining and Treasurer Morley responded yes. Trustee Klein asked if they are fully funded right now. Treasurer Morley responded no. They have not yet received from the City the actuarial report for the year ended June 30, 2010. Treasurer Morley said that he thought it was going to come out somewhere around 77% funded and basically, if you're 80 and above, you are in striking distance. Based upon the performance from July 1<sup>st</sup> to December 31 in the market, he thinks they are more funded than that, but they are waiting for the actuarial report. They have no control over that.

Trustee Buck stated that at that point, June 30<sup>th</sup>, the holdings in the account were roughly 56 million and they are substantially higher now. The study is going to come out and the study will not be as meaningful.

Trustee Klein stated that his main concern if they are going to break off the active people from Plan B is giving up money, they need to stay at the same funding level, at least, or more. President Rosenberg responded that there will be no further contributions from the active people. Once the actives are broken off and they just have the retirees, there are no new contributions coming in and that is why they would have to have an expert do some kind of a study on it.

Treasurer Morley stated that there was no offer before them at this point and not to get too far ahead.

Trustee Klein responded that they have fiduciary obligations with respect to this Pension Fund and he asked if they have any say as to whether or not they do this. Treasurer Morley stated that he thinks that those questions should be addressed on a day when Attorney Eileen Marcs comes down. Trustee Klein said that he wanted to address those questions to her before it is too late and Treasurer Morley responded that he will make sure that takes place.

2. There being nothing further to come before the Board, Trustee Herlihy motioned to adjourn the meeting; Trustee Buck seconded and the Board passed it unanimously.

The meeting ended at 6:45 p.m.