

**MINUTES OF  
PENSION AND RETIREMENT BOARD  
MEETING HELD  
FEBRUARY 16, 2012 – 7:30 P.M.  
CONFERENCE ROOM A - PARSONS GOVERNMENT COMPLEX**

**MEMBERS PRESENT**

J. Sartor  
R. Elwell  
G. Kimmel (Alt.)  
C. Cody  
W. Shea  
R. Lynch  
F. Murphy (Alt.)  
D. Sharoh  
L. Mahoney  
M. Hedman  
M. Chaco  
T. Bradbury  
G. Behrle (Alt.)  
S. Firmender (Alt.)  
P. Beckwith  
T. Beirne

**MEMBERS ABSENT**

P. Staneski  
T. Piskura  
L. Lah (Alt.)  
K. Ali  
R. Smith (Alt.)  
R. Riordan (Alt.)

**ALSO PRESENT**

John Beirne, Beirne Wealth  
John Oliver Beirne, Beirne Wealth  
Lindsey Allard, Beirne Wealth  
Jane Sterback, Pension Office  
Maryanne DeTullio, Rec. Secry.  
George Gasper, Bd. of Aldermen

Chairman Sartor called the meeting to order at 7:35 p.m.

**Disposition of Minutes:**

A motion to approve the minutes of the January 19, 2012 and January 30, 2012 meeting was made by Mr. Chaco, seconded by Mr. Hedman and carried unanimously

**Pension Requests**

(a) Thomas Rea

Code 5 – PW (Sanitation)

Regular Pension – Calculations

Mr. Hedman moved that Thomas Rea be granted a regular retirement pension in the annual amount of \$46,030.40, monthly payments of \$3,835.87, retroactive to 12/31/11. The motion was seconded by Mr. Elwell and carried unanimously.

(b) David Dulin

Code 5 – PW (Highway)

Regular Pension – Calculations

Mr. Hedman moved that David Dulin be granted a regular retirement pension in the annual amount of \$23,343.62, monthly payments of \$1,945.30, retroactive to 12/31/11. The motion was seconded by Mr. Elwell and carried unanimously.

(c) Kathleen Kuchta

Code 9 – City (DPLU)

Regular Early Retirement – Calculs.

Ms. Lynch moved that Kathleen Kuchta be granted a regular early retirement pension in the annual amount of \$12,722.34, monthly payments of \$1,060.19, retroactive to 12/31/11. The motion was seconded by Mr. Elwell and carried unanimously.

(d) Gabrielle Beltz

Code 5 – BOE (Secretary)

Regular Retirement – Calculations

Mr. Bradbury moved that Gabrielle Beltz be granted a regular retirement pension in the annual amount of \$13,781.79, monthly payments of \$1,148.48, retroactive to 01/28/12.

The motion was seconded by Mr. Elwell and carried unanimously.

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**Pension Requests, Cont'd.**

(e) Sarah Nierenberg

Code 5 – Police (Steno)

Regular Retirement – Application

Mr. Sharoh moved that the application from Sarah Nierenberg for a regular retirement pension be accepted. The motion was seconded by Mr. Elwell and carried unanimously.

(f) Lawrence Tomasco

Code 5 – City (Purchasing)

Regular Retirement Application

Ms. Lynch moved that the application for regular retirement pension from Lawrence Tomasco be accepted. The motion was seconded by Mr. Elwell and carried unanimously.

(g) James Staurovsky

Code 3 – Police

Regular Retirement – Application

Mr. Sharoh moved that the application from James Staurovsky for a regular retirement pension be accepted. The motion was seconded by Mr. Elwell and carried unanimously.

(h) Joan Tougas

Code 5 – City (Harbor Comm)

Regular (Early) Retirement – Applic.

Ms. Lynch moved that the application from Joan Tougas for regular (early) retirement pension be accepted. The motion was seconded by Mr. Elwell and carried unanimously.

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**Withdrawals & Refunds**

(a) Patricia Mitchell

Code 9 – City (Library)

Entered: 11/13/06 Term: 01/27/12

Principal: \$8,573.54

Interest: 1,038.18

Total: \$9,611.72

Ms. Lynch moved that the withdrawal request from Patricia Mitchell be approved. The motion was seconded by Mr. Elwell and carried unanimously.

(b) James Fowler

Code 5 – City (Mayor's Office)

Entered: 10/04/10 Term: 12/30/11

Principal: \$2,313.81

Interest: 62.90

Total: \$2,376.71

Ms. Lynch moved that the withdrawal request from James Fowler be approved. The motion was seconded by Mr. Elwell and carried unanimously.

**Buy Ins - None**

**Contingent Annuitant Option – None**

**Invoices:**

(a) Boyd Watterson (TALF) - \$9,214.00

Mr. Elwell moved that the invoice from Boyd Watterson (TALF) in the amount of \$9,214.00 be paid. The motion was seconded by Mr. Chaco and carried unanimously.

(b) Penn Capital - \$13,667.51

Mr. Elwell moved that the invoice from Penn Capital in the amount of \$13,667.51 be paid. The motion was seconded by Mr. Chaco and carried unanimously.

(c) Bank of America - \$6,145.75

Mr. Elwell moved that the invoice from Bank of America in the amount of \$6,145.75 be paid. The motion was seconded by Mr. Chaco and carried unanimously.

**Invoices, Cont'd:**

(d) Merrill Lynch - \$94,051.06

Mr. Elwell moved that the invoice from Merrill Lynch in the amount of \$94,051.06 be paid. The motion was seconded by Mr. Cody and discussion followed.

Mr. Elwell asked how the invoice is calculated. Mr. Beirne stated that the invoice is calculated three months in advance. They take the market value at the end of December for assets that would fall under the contract excluding the private placement account. Mr. Cody asked if the contract with Merrill Lynch were terminated this evening

and the fee paid, would they reimburse for any overpayment. Mr. Beirne stated that the Board could vote to approve payment of the full fee and wait for the reimbursement or the Board could calculate the amount that they feel is owed to them. John Oliver Beirne stated that they would rebate any overpayment but it is just a matter of how long that process would take. Mr. Cody stated that the Board has the full intention of paying but just has to decide how much to pay. He stated that the RFQ should have been published this week and will take until April 1<sup>st</sup> to complete the process. At this time the agreement with Merrill Lynch remains in force until it is terminated. Mr. Cody stated that this matter will be discussed later in the meeting.

The vote on the motion to pay the invoice to Merrill Lynch in the amount of \$94,051.06 was unanimously denied.

(e) Boyd Watterson - \$57,131.00

Mr. Elwell moved that the invoice from Boyd Watterson dated 01/23/12 in the amount of \$57,131.00 be paid. The motion was seconded by Mr. Chaco and carried unanimously.

(f) Wentworth Hauser & Violich - \$28,997.00

Mr. Elwell moved that the invoice from Wentworth Hauser & Violich in the amount of \$28,997.00 be paid. The motion was seconded by Mr. Chaco and carried unanimously.

**Report of the Investment Advisor – No Report****Applications of Entry**

(a) Lesley DiCocco

Code 5 – City (Mayor's Office)

Entered: 01/03/12 DOB 10/21/56

**Committee Reports**

(a) Asset Allocation & Disbursing Comm – No Report

(b) Committee for Proxy Voting – No Report

(c) Committee Regarding Audit – No Report

Mr. Cody moved to go off the agenda to discuss the interim engagement of Beirne Wealth Consulting. The motion was seconded by Mr. Beckwith and carried unanimously. Mr. Cody then moved to add to the agenda the interim engagement of Beirne Wealth Group as investment advisor pending City procurement process of a new investment advisor. The motion was seconded by Mr. Beckwith and carried unanimously.

Mr. Cody stated that he has worked with the City Attorney's Office to create the RFQ, which is the proper way to engage professional services. They provided the scope of the services and qualifications which include being a registered investment advisor. He stated that the RFQ was published within the last several days. Mr. Cody stated that in discussing this matter with the City Attorney it was decided to set the date for responses for the end of the month and then go through them and picking the top candidates for interviews. He also stated that because of the number of anticipated responses it will be pushed out to the end of March and the Board will not be able to act on this at their March meeting. Mr. Cody stated that without an investment advisor the contract with Merrill Lynch would remain in place and the Board would be paying them with no services being provided by them. Mr. Sartor stated that he spoke with a Merrill Lynch representative today to confirm that they were no longer in this business and cannot act as advisor. Mr. Cody stated that the Board acts as trustees of a pension fund and has a fiduciary responsibility and taking this action to hire an interim advisor is in the best interest of the City and fund. Mr. Mahoney asked if Merrill Lynch has had any contact with the City. Mr. Sartor stated that they are our custodian and not our advisor. Mr. Cody explained that a number of years ago Merrill Lynch decided that they did not want to handle municipal pension funds.

John Beirne explained that Merrill Lynch decided that no one could open up a new public pension account and all alternate investments held would have to be liquidated and taken out of a portfolio. He stated that it became very difficult for them and they could not manage the way they had for so many years. He stated that there is no one at Merrill Lynch who could come and offer asset advice because this is a public fund. Mr. Beirne stated that Merrill Lynch should have contacted the City and explained the situation. Mr. Cody stated that they did receive confirmation that there was no one at Merrill Lynch who could do this work.

Tom Beirne asked where the funds are now and Mr. Cody explained that they are with Merrill Lynch as custodian and the portfolio managers. He stated that without John Beirne the Board now has to deal directly with the managers and the process that we have always had is interrupted. Mr. Kimmell asked if the funds are transferred to a new custodian would it be at the same terms as with Merrill Lynch. John Beirne stated that the cost structure would be the same – 15 basis points. Mr. Cody stated that it would be the same cost structure that we currently have.

Mr. Cody stated that his motion is to terminate Merrill Lynch as advisor; terminate Merrill Lynch as custodian and to hire Beirne Wealth Consulting on an interim basis to act as advisor and transfer the funds to Fidelity as custodian. He stated that this will be an identical arrangement to what we have now including the fees. Mr. Mahoney asked if everything was in place with Fidelity to transfer the funds.

John Oliver Beirne stated that they did a lot of research before deciding on Fidelity as their custodian. He stated that they felt that Fidelity was the best choice and the process should go smoothly with all managers. He stated that some of the alternate investments will take a little longer to transfer but will not be any problem.

Mr. Shea asked if the RFQ was for both custodian and advisor. Mr. Cody stated that it is for investment advisor services tailored to what was being provided before. Mr. Shea asked if there was any reason to terminate the custodial arrangement with Merrill Lynch and just have a new advisor. Mr. Cody stated that the custodial fees are built into the advisory fees charged by Beirne Wealth Consulting. Mr. Shea felt that perhaps the Board should also get a quote for custodial services. John Oliver Beirne stated that they did extensive research before deciding on Fidelity and they were the prime candidate. He stated that they have established a relationship with Fidelity and are confident that they are the right choice.

Mr. Cody called for a vote on the motion which is to terminate Merrill Lynch as investment advisor; terminate Merrill Lynch as custodian; transfer the funds to Fidelity as custodian and hire Beirne Wealth Consulting on an interim month-to-month basis at the identical fee paid to Merrill Lynch until the RFQ is complete and new contract signed by the Board. That motion was seconded by Mr. Beckwith and it was carried unanimously with Mr. Shea opposed.

A motion to adjourn was made by Mr. Elwell, seconded by Mr. Mahoney and carried unanimously. The meeting was adjourned at 8:40 p.m.

ATTEST:

Maryanne DeTullio  
Recording Secretary