

**Pension Board
Minutes
August 26, 2014**

CALL TO ORDER

Chairman Jim Lavin called the Pension Board meeting to order at 7:00 p.m. at the Town Hall, Trumbull, Connecticut.

Members present were as follows:

PRESENT

James Lavin
John Ponzio
Donna Pellitteri
Maria Pires
Michael Knight
James Daly

Also present: Chris Kachmar, FIA; Madelyn Meagher

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Investment Update – 2nd Quarter – Chris Kachmar

- Continues to be a challenging market.
- Portfolio is doing great; earning more than the 7.5% target.
- We took action with problems – moved funds from Aston Montag to Diamond Hill and MainStay and moved funds from Thornburg to Dodge and Cox.
- Survey work done across Connecticut for 31 towns. The average rate of return in the State is 7.25%; the high was 8%; there are towns in Fairfield County as low as 6 1/8%.
- The US has become more conservative, whereas the Central and European Banks are in the stimulus mode.
- Emerging markets are starting to stabilize; doing better than the larger cap markets.
- High quality domestic stocks continue to trail low quality stocks.
- Mainstay is below the benchmark. Boston Trust continues to be weak.

Boston Trust Supplemental Information – Chris Kachmar

- Boston Trust philosophy is to deal with high quality.
- (2.5 years) Jan 1, 2012 through 6-30-2014 we have seen a consistent and a strong up market that has been biased towards lower standard quality companies. This has been very difficult for Boston Trust; however, they will protect in a bad time.
- They are trailing the benchmark yet there is a compelling reason to continue with them; in addition, we only have a 5% investment.

Investment Policy Statement (Draft) – Chris Kachmar

- Mr. Kachmar discussed the Investment Policy Statement (Draft) the he had prepared at our request.
- It is specific to the issues, yet flexible as to the procedures; it is meant to be a broad document.
- Mr. Lavin suggested that the Board review the policy and we put it on the next agenda to revisit at the November meeting.
- Mr. Kachmar indicated a word document version of the document would follow.
- Based upon the 31-town survey information provided, the 7.5% rate of return currently being used is defensible.

Approval of Pension Benefits

Ismael Acevedo	8/1/2014	\$2,527.81
Mary C. Moran	7/1/2014	\$ 687.77
Thomas Smith	7/1/2014	\$1,893.86
Barbara DiDomenico	7/1/2014	\$1,292.86

Approval of Lump Sum Distributions

Kevin Nicholas	6/15/2014	\$8,127.49
Steven Acevedo	6/15/2014	\$5,972.42
Harrison Duncan	6/30/2014	\$ 956.47
William Dunn	6/30/2014	\$2,703.08
Rebecca Foth	6/30/2014	\$2,224.16
Priscilla Hernandez	6/30/2014	\$4,251.22
Christine McDade	6/30/2014	\$ 7.61
Karen Cittadino (formerly Piechota)	6/30/2014	\$ 333.36

Mr. Ponzio moved, seconded by Mr. Lavin, to approve the Pension Benefits and Lump Sum Distributions, as presented.

Vote: 6-0-0 motion carries

Approval of Minutes – June 3, 2104 and July 16, 2014

Mr. Ponzio moved, seconded by Mr. Daly, to approve the June 3, 2014 minutes as presented.

Vote: 6-0-0 motion carries

Mr. Ponzio moved, seconded by Mr. Knight, to approve the July 16, 2014 minutes, as amended to reflect the next meeting date of August 26, 2014.

Vote: 6-0-0 motion carries

Other Business

Mr. Lavin indicated that the Annual Letter was presented at the last the Pension Board and it went very smoothly. It was noted that we still need a Board member. Mr. Ponzio indicated that it is on the Town Council agenda and we should have someone by the November meeting.

Mr. Knight noted that the minutes of the July 16, 2014 Special Meeting indicates that the Board needs to make a decision regarding the rate of return and salary projection to be use when making the assumptions. Based upon the FIA survey, the average rate of return in the state is 7.25% and the low is 6 1/8%, indicating that reducing our 7.5% to 7.25% would result in an increase of \$250,000 in the ARC. He thought it was a good idea to keep in mind that for every 1 % decrease in the rate of return there is a \$1million increase in the ARC.

Mr. Lavin indicated that based on the FIA survey information, he is comfortable with using a 7.5% rate of return. Mrs. Pires also indicated that BPS&M would also be able to provide a range of scenarios for us to review. She went on to add that although the 4% salary assumption seemed high, it included consideration for step level increases along with the union contract percentage. The Plan is closed, so the steps will eventually not be a consideration.

Mr. Ponzio did not agree that we should review several scenarios before selecting the assumptions; he thought we should choose the best assumptions based on available information. He was concerned that we would find ourselves in the position of choosing assumptions based upon the results.

Mr. Lavin indicated that if we had several scenarios, we would then be in a position to recommend the assumptions and be able to defend them.

Mrs. Pires moved, seconded by Mr. Ponzio, to have the actuaries assume 7.5% as the Rate of Return and 3.5% as the salary increase.

Vote: 6-0-0 motion carries

Mr. Knight moved, seconded by Mr. Ponzio, to have the actuaries also prepare a schedule assuming 7.5% as the Rate of Return and 4.0% as the salary increase and another schedule assuming 7.0% as the Rate of Return and 3.0% as the salary increase.

Vote: 6-0-0 motion carries

Overpaid Pension Update – Robert Nicola, Esq.

Mr. Ponzio moved, seconded by Mrs. Pires to move into executive session at 8:30 pm. Mr. Lavin asked the Clerk and Board members to remain.

By unanimous consent, the Board came out of executive session at 8:45 pm.

Mr. Ponzio moved, seconded by Mrs. Pellitteri, to have Attorney Nicola accept the \$500 offer from Attorney Hoover as settlement in full for Jane Allan; send a letter to Ann Marie Faggella, since she has not finalized her verbal Agreement with Mrs. Pires; continue to pursue Mr. Pace; and continue to pursue Ms. Teasley.

Vote: 6-0-0 motion carries

Mr. Daly moved, seconded by Mr. Ponzio, to adjourn the meeting at 8:50 pm.

Respectfully submitted,



Phyllis C. Collier
Pension Board Clerk