

**Pension Board
Minutes
August 23, 2012**

CALL TO ORDER

Chairman Michael Charland called the Pension Board meeting to order at 7:34 p.m. at the Town Hall, Trumbull, Connecticut.

Members present and absent were as follows:

PRESENT

Chairman Michael Charland
James Lavin
John Ponzio
Donna Pellitteri

ABSENT

Michael Knight
Maria Pires
William Schietinger

Also Present:

Chris Kachmar, FIA.

PUBLIC COMMENT

There was no public comment.

INVESTMENT UPDATE - Chris Kachmar, FIA

We have 3 items to address this evening: Update on markets and portfolio; Information on Global Bonds requested at the last meeting and Asset Allocation study.

- We did an asset allocation study and the median rate of return today is 7.5%; in Trumbull, our actuarial rate of return is 7.5%.
- The markets have been divorced from fundamentals; no longer are better run companies and higher earning companies getting incremental returns—the market very aggressively trades the securities up or down depending on the latest news from Europe.
- At the end of the second quarter, the macro economic environment was weaker than investment anticipated during the last quarter; GDP is running at 1.5% annually.
- The labor markets are still fluctuating between hot and cold; the non-farm payroll number was weak in the quarter; the manufacturing data, the ISM data, in June is below the expansionary level of 50; consumer confidence was noticeably weaker in the quarter; the housing markets remain mixed and inflation has been reasonably well behaved.
- The equity markets were down; YTD numbers aren't too bad; the S&P is up 14% YTD; the Russell II the small cap stocks are up 11% YTD; International large cap are up 9% YTD; Merging markets are up 8.5%; Bond markets are up 2.9% YTD.
- The domestic equity markets—large cap did better than small cap; International trends were clearly lower overseas; the US dollar is good.
- Fixed income last year 3.2%; even lower now at 1.63%; 30-year yield down from 4.38% to 2.76%. Interest rates are predicted to stay the same.
- 10-year treasury yield at 1.6%; therefore, fixed income managers are moving away from the Treasury Securities.
- High-level performance summary—This is a very frustrating time for active managers; once we go back to a more normal environment, and the headline media settles down, these manager should be able to generate returns similar to past long-term incremental returns. In the meantime, we added Mainstay and Diamond Hill; he feels portfolio will perform nicely once things settle down. Statistically speaking, 2011 was the worst year in the last 20. YTD through June, the portfolio is up just under 6%.

- Domestic equity allocation is a bit overweight; International is under the allocation target.
- Numbers through July and August are much better; the portfolio is back to \$20.2 million.
- Inflation protection market–TIPS has done very well, nearly 10% annualized; Van Eck return (13.5%) and Pimco (3.4%) are subtle ways to play on the inflation but there are other environments where they can do well; these are poised to do well once the market does better; recommends holding them for a few more quarters, keeping at the 5% allocation. Van Eck is probably having a good summer. Chris feels inflation protection is necessary in the portfolio.
- Mainstay is still new to us; doing well; conservative manager.
- Chris has no recommendation for tonight; 3rd quarter looking good. Decision made to table the Allocation discussion.

Mr. Ponzio indicated that the new actuary would be using a 7.5% threshold.

Mr. Charland indicated that H&H should come to the next meeting, run scenarios, and review their main assumption sheet. We will also have Chris go through his update.

PENSION UPDATE – OVERPAYMENTS

Since Attorney Walsh was unavailable to attend the meeting, Mr. Ponzio indicated that we are close to settling one of the large over paid pension accounts. We are working on the income tax issue, since taxes were paid on the overpayment, and now we are asking them to return those funds. We are also looking into the legality of issuing lower payments to the pensioner, holding back a portion of the payment in the fund as repayment. He also indicated that the Police Department is still in mediation with regard to any pension change.

APPROVAL OF MINUTES

It was noted that Rebecca Martin should have an effective date of 6/1/2012, not 6/30/2012.

Mr. Lavin moved, seconded by Mr. Ponzio, to approve the minutes of the June 27, 2012 meeting, as amended.

Vote: 4-0-0- Motion carries

APPROVAL OF PENSION BENEFITS

The following individuals were presented for approval of monthly benefit payments:

Stephen Sirico	Eff. 6/30/2012	\$ 693.74
Frances Bombero	Eff. 6/30/2012	809.65
Therese Netzer	Eff. 6/30/2012	867.49

Mr. Lavin asked that a one page summary sheet be provided to assist in the review of each pension or lump sum payout request. Mr. Lavin indicated that he would be happy to work on one.

Mr. Charland asked that I check with Mrs. Pires regarding the change the effective dates to read the same per Mr. Lavin’s request.

Ms. Pellitteri moved, seconded by Mr. Ponzio, to approve the Pension Benefits as presented.

Vote: 4-0-0- Motion carries

APPROVAL OF CONTRIBUTION WITHDRAWAL

The following individuals were presented for approval to withdraw contribution funds:

Clairjon Garard	Eff. 6/30/2012	\$23,763.25
Donald Seipel	Eff. 7/31/2012	1,720.61
Kathleen Mirante	Eff. 7/31/2012	2,621.23
Linda Chesner	Eff. 7/31/2012	2,840.20
Michael Haray	Eff. 7/31/2012	40,946.86

Mr. Charland asked that Ms. Pires have the Death List provided by Wells Fargo checked each quarter so we can identify any issues and resolve them promptly.

Mr. Ponzio moved, seconded by Mr. Lavin, to approve the Contribution Withdrawals as presented.

Vote: 4-0-0- Motion carries

Mr. Charland requested that a list of Board Members and their appointment dates be provided at the next meeting.

ADJOURNMENT

There being no further business to discuss, the Pension Board adjourned by unanimous consent at 8:45 p.m.

Respectfully submitted,

Phyllis Collier - Pension Board Clerk