

**Pension Board
Minutes
February 19, 2013**

CALL TO ORDER

Chairman Michael Charland called the Pension Board meeting to order at 7:30 p.m. at the Town Hall, Trumbull, Connecticut.

PRESENT

Chairman Michael Charland
James Lavin
John Ponzio
Maria Pires
Michael Knight

ABSENT

Donna Pellitteri

Also present: Jim DeGrandis, BPS&M; Brian Hartman, BPS&M; Chris Kachmar, FIA

Investment Update – 4th Quarter – Chris Kachmar

Mr. Kachmar presented the 4th quarter report, indicating that from a liquidity standpoint we are in good shape. He did not believe that we needed to address any portfolio allocations tonight with regard to shifts.

- \$925,000 went in during January
- Calendar year 2012 – a lot of stimulus from Feds; decent macroeconomic backdrop; housing market continues get better; corporate financial health remains healthy; robust environment for equities.
- Domestic – small caps did better; value style did better than growth; financial stocks have rallied dramatically.
- International equity markets have done very well; emerging markets equities continued to do well; overseas large cap did better than small cap; dollar continues to bounce around.
- Fixed Income – hasn't changed that much; 10 year note bounced around a bit; unemployment is higher than the predicted 6.5% – at 7% to 8%; interest rates are staying low and will continue over the next couple of months.
- Pimco – away from government bonds; trade on spreads; spreads are tighter; still incremental return; duration is a problem. Unconstrained is more expensive at 90 bps. Mr. Kachmar indicated he will bring information on unconstrained in the Spring and have an informed conversation.
- Valuations for equities are still decent. January was a decent month for equities, up between 5-7%. Fiscal year to date at 9.5%.
No allocation recommendations at this time; returns are good at this time. Not happy with the Large Cap. The index is up 6.9%
 - Diamond Hill up 9.3%; benchmark up 8.5%
 - Mainstay up 6.3%; benchmark up 5.7%
 - Montag up 6.85%; benchmark up 5.7%
- Mr. Kachmar to e-mail cash flow report.

BPS&M Update of Valuation and Assessment Calculations requested at November 20, 2012 meeting

- Mr. DeGrandis updated the Board, based upon the valuation report he provided.
- Shortfall in the funded status on page 2 in the amount of \$48,808,997, as of July 1, 2012, with a funded ratio of 28.1%; this is low, but was worse 2 years ago.
- Page 3: Actuarial balance sheet; liabilities total \$82,170,938. Assets include PV of Future Employer normal costs and PV of Future Employee contributions. Missing from last report.
- Pages 4: Funded Status Scorecard – Quarter to Quarter look at the Funded ratio of the plan; liabilities do not include future service because it hasn't been earned yet.

- Page 6: Assumption review - what if scenarios; uses 7.5% rate is reasonable; 4% salary increase.
- Page 8: Assumption - those who leave before retirement.
- Page 9: Mortality Assumption.
- Page 10: Projected Benefit Payments; liabilities will increase.
- Page 11: Funded Status Projections - \$ 3,700,000 continued contributions per year; updated to reflect 10 years; up from 5 years.
- Page 12: Funded Status Projections - variable \$4.5 – \$5.1 million continued contributions; updated to reflect 10 years; up from 5 years.
- Page 13: Funded Status Projections – forecast results.

Election of Officers

Mr. Ponzio, seconded by Ms. Pires, moved to nominate Mr. Charland for Chairman of the Pension Board.

Vote: 4-0-1 (abstained: Charland) motion carries

Ms. Pires, seconded by Mr. Charland, moved to nominate Mr. Lavin for Secretary of the Pension Board.

Vote: 4-0-1 (abstained: Lavin) motion carries

Mr. Ponzio left the meeting at 8:30 pm

Approval of Minutes

Ms. Pires, seconded by Mr. Lavin, moved to approve the minutes of the November 20, 2012 meeting as presented.

Vote: 4-0-0 motion carries

Approval of Pension Benefits and Contribution Payouts

Mr. Knight moved, seconded by Mr. Lavin, to approve the Pension Benefits and Contribution Payout, as requested.

Vote: 5-0-0 motion carries

The draft letter used for terminated employees regarding their contributions and payout was presented for review. Discussion followed regarding how changes would be made to accommodate each individual situation. It was decided that the first set of letters would be presented to the Board in advance of mailing.

Discussion

The Chair indicated that he still needs to finalize the Annual Letter which was not completed in 2012. The Chair proposes to put together a letter and circulate it to the Board for feedback. His goal is to have it ready before the May meeting.

Adjournment

There being no further business to discuss, the Pension Board adjourned by unanimous consent at 9:15 p.m.

Respectfully submitted,

Phyllis Collier - Pension Board Clerk