

Pension Board

Minutes

May 21, 2013

CALL TO ORDER

Chairman Michael Charland called the Pension Board meeting to order at 7:06 p.m. at the Town Hall, Trumbull, Connecticut.

Members present and absent were as follows:

PRESENT

Chairman Michael Charland
James Lavin
John Ponzio
Maria Pires
Michael Knight

ABSENT

Donna Pellitteri

Also present: Chris Kachmar, FIA

APPROVE OF ANNUAL LETTER

The Chair indicated that the Annual Letter was approved via e-mail correspondence and subsequent vote on March 15, 2012.

APPROVAL OF MINUTES

Mr. Knight moved, seconded by Mrs. Pires, to approve the minutes of the February 19, 2013 meeting as presented.

Vote: 5-0

INVESTMENT UPDATE – Chris Kachmar

Mr. Kachmar presented the following:

- The domestic equity markets have been very, very strong in March and throughout the spring; Domestic Equity review shows healthy returns
- Emerging Market Equities and Bonds have been flat YTD; Emerging Market Equities declined in the last quarter; China declined whereas Mexico posted a gain
- Housing market continues to strengthen in the US; the Bond market is largely flat
- International Equity showed a more modest return; Europe is in a contracting mode
- Fixed Income - Feds are keeping interest rates low (page 5)
- Stimulus programs will continue now that we are approaching mid-year (until 2014) (page 7)
- Most major segments of the market continue to trade inside their long term averages (page 8)
- If economy can stay ok, and we continue to have those accommodations from the monetary authorities, we would suggest that equities can continue to earn another 5-7% through the balance of the year and then decent single digits numbers thereafter.
- Commodity stocks with Van Eck have been a disappointment; these can serve as a bridge before inflation takes over. The Chair questioned FIA's position on inflation given that they had us put in inflation protection. Mr. Kachmar indicated that the inflation protection is 5% of the portfolio by target and we should not make any changes at this time. We left it as an open item at the last meeting.

- Domestic Equity is higher than target; International is lower than target. Not in a bad position; if we have to source, we would use Domestic Equity. Would like to see International market settle down before putting new money there.
- Active managers have had a challenging time; starting to see more discernment between quality and lower quality companies; strongest returns are with lower quality companies. (page 12)
- The Fiscal YTD appears to be 12%; should be a healthy year. (page 21)
- Elevated the MainStay strategy to Watch 4Q 2012. Management changes made during the quarter; expectation is that team will continue to do well; however, changes of this magnitude necessitated elevation to watch. (page 17)
- On a three year basis the plan has been less risky than the markets; running with an annual standard deviation of 10.35-10.7
- Mr. Ponzio questioned the timing cash flow process; funds are taken out of the Money Market and invested when received. Employee Contributions go into the Money Market on a weekly basis. We have seen a steady increase over the last 4 years. The ARC is 4.7 million.
- We talked about starting to investigate Global Bonds; information handed out to be reviewed at the next meeting – Brandywine and Templeton. The portfolio rational - we would be diversifying within bonds.

OVERPAYMENTS UPDATE - Edward V. Walsh, III, Esq.

Attorney Walsh updated the Board regarding efforts being made to collect outstanding pension overpayments, as follows:

- 2 have been paid in full: Gaydos - Murray
- 2 are currently making installment payments: Maher - Lampugnale
- 2 are being recommended for dismissal due the small amounts: Mathieson – Herb
- Chmura: Property is currently encumbered with \$200,000+ in liens place on the property prior to the overpayments and filing a lawsuit is recommended. She presently has no assets, since everything was transferred to her children. He has met and spoken with them and they are interested in working the out with Attorney Walsh. The property is now in her daughter's name and Anna has life use. We have sent a number of letters, and Attorney Walsh is recommending that we take action.
- Fagella: She indicated that she is willing to repay one half the total due. If we pursue action, we will incur additional legal fees. We are not presenting this to the Board tonight, since she would first have to agree to sign a confidentiality agreement. If she does not want to sign the agreement, it was suggested that we let it go but still take the funds. It was suggested that this will then create a precedent for the others that owe us money.
- Santos: Title search is done; there is unencumbered property in her name; there might be equity and he recommends filing a PJR.
- Pace: He is deceased.

Attorney Walsh wasn't sure what we would gain if we put a lien on the Chmura property given the lien amounts already in place. He indicated that we need to file suit against those we wish to pursue.

Mr. Ponzio moved, seconded by Mrs. Pires, to authorize Attorney Walsh to pursue the settlement of Ann Marie Faggella, John Pace and Katherine Teasley at not less than 50% of the total amount due.

Vote: 5-0

Mr. Ponzio moved, seconded by Mr. Lavin, to authorize Attorney Walsh to pursue any legal action necessary to secure agreements in the settlement of Carol Adzima, Kathleen Santos, Anna Chmura and Florence Hempel, which are to be presented to the Pension Board for approval.

Vote: 5-0

Attorney Walsh will provide the Board with an update prior to the end of June.

APPROVAL OF PENSION BENEFITS

Mr. Ponzio moved, seconded by Mr. Lavin, to approve the pension benefits as presented to the Board.

Vote: 5-0

APPROVAL OF CONTRIBUTION PAYOUTS

Mrs. Pires moved, seconded by Mr. Ponzio, to approve the contribution payouts as presented to the Board.

Vote: 5-0

Mr. Knight indicated that the contributions and estimated funding ratios are the most important figures in the report provided by FIA. From 2008 to 2012 the liability value is increasing much faster than the asset value and he does not see how we are going to sustain this. Mr. Ponzio indicated that excess funds could be diverted to the fund if the opportunity presented itself. Mr. Knight thinks we should be more in-tune with the unfunded liability.

ADJOURNMENT

There being no further business to discuss, the Pension Board adjourned by unanimous consent at 8:30 p.m.

Respectfully submitted,

Phyllis Collier - Pension Board Clerk