

**Pension Board  
REVISED Minutes  
May 5, 2015**

**CALL TO ORDER**

Chairman Jim Lavin called the Pension Board meeting to order at 6:37 p.m. at the Town Hall, Trumbull, Connecticut.

**ATTENDANCE**

Members present were as follows:

**PRESENT**

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

**ABSENT**

Also present: Chris Kachmar, FIA

**Investment Update – 1st Quarter – Chris Kachmar**

Mr. Kachmar spoke regarding the following:

- Governance framework indicates that is the duty of the Plan fiduciaries to understand fees and services associated with managing the plan and to ensure they are reasonable. He feels that the assessed fees of \$35,000 are reasonable. He went on to add that it is a good idea to adhere to “ERSIA-like” practices even if not subject to ERISA.
- It was noted that the IMF cut its 2015 global growth forecast by .3%; it went from 3.8% to 3.5%.
- In Europe and Japan where growth has been positive they are still in “stimulus mode”.
- Interest rates have been volatile; from a performance perspective across capital markets, International is doing better than US counterparts. The base interest rates are very, very low and the Bond Markets were up 1.6% over the last quarter.
- Large companies overseas did better in the last quarter.
- Growth stocks did better than value stocks over the last quarter.

Mr. Lavin asked what we could do if the Bond Market should die. Mr. Kachmar indicated that we have already taken steps towards this by making the decision to invest in Black Rock. If rates start to trend differently, we can discuss what to do with that portion of the portfolio.

The first quarter was a little bit ahead of benchmark (2.0%) at 2.2%. The managers we use tend to have a conservative position. We are trying to generate returns that are in excess of the actuarial target of 7.5%, and have succeeded on a 3 and 5 year basis, net of all fees. The managers’ conservatism at this point may not be a bad idea, since the program is doing what we want it to do.

Most managers have held on very well performance wise; however, Boston Trust has had a rough time. The summary information on Boston Trust indicates they are quality oriented and buy at reasonable valuations. They have demonstrated resiliency in being able to protect in difficult markets and have done this consistently. Boston Trust does not like to buy levered companies. Their fees are slightly higher and their most recent underperformance can be attributed to the fact that they have no Pharmacy or Biotech investments.

### **Investment Policy – Draft**

The Chair indicated that the policy should read: **Town of Trumbull Retirement Plan**, not Town of Trumbull Employee Pension Plan. In addition, the Board will meet **quarterly**, not periodically and the **Board will call special meetings, as necessary**. He went on to add that he also made changes to the section titled Rebalancing. Ms. Pires indicated on page 5, section 4, the first sentence would be better worded, as follows: **Should the Board decide to invest in** (hedge fund-of-funds).

The Chair also indicated that we have a responsibility regarding investing; Mr. Meisner indicated that he would encourage us to lean toward ESG language when stating the areas where we will invest funds. For example, going in the direction of environmentally sensitive industries will show we are concerned as a Town.

The Chair indicated he would work on the Policy, incorporating the changes discussed, and have it forwarded on to the Board members for their input.

### **Annual Pension Report – Draft**

The Chair indicated that the changes made to the Annual Pension Report were good and asked if anyone had any additional comments. It was noted that the return of 4.5% provided by FIA is based on a calendar year whereas the figures provided by the Actuary are calculated on a fiscal year. There needs to be a footnote on page 2 explaining the difference between the two in the Chart.

The first paragraph for Long Term Improvement Plan came under scrutiny given the Town's emphasis on the Plan is to fully fund the Arc each year. As members of the Board, we must support full funding. It was decided to remove the paragraph.

Ms. Pires indicated that instead of the Pension Plan, employees are eligible to contribute to the 401A Defined Contribution Plan, where the Town contributes up to 7%. The Town invests their contribution with Mass Mutual. The employees are currently choosing their own investments and the Town is not providing any oversight. In addition, we have not provided any training to employees enrolled in the Plan. As a Board, we should be asking if the Administrator is providing any education. The Town also offers a 457 Plan that anyone can contribute to. The Chair indicated that we have a fiduciary duty to our employees on the 401A and the 457 and someone should be reviewing the Fund performance. Ms. Pires will discuss with our attorney and meet with Mr. Ponzio and Mr. Haselkamp.

Mr. Knight indicated we should add an additional bullet under executive summary on page 1 that indicates the funded ratio percentage as of March 31, 2014.

The Chair indicated he would implement the additional changes and forward it on to the Board members for their review before submitting it to the First Selectman.

### **RFQs for Investment Advisor**

Ms. Pires indicated that the Town went out to bid for an Investment Advisor at the same time the Police went out to bid. The Police chose to go with Wells Fargo, since BOA was longer offering the service. Ms. Pires asked the Board how we should proceed to evaluate the following investment advisors who have already been interviewed: FIA; Barney Welch and Morgan Stanley. It was decided that Ms. Pires will compile a chart highlighting the various aspects of each company, including the fee schedules, to present to the Board at the next meeting.

### **Overpaid Pension Update**

The Board reviewed Attorney Nicola's letter after which there was no discussion.

**Approval of Pension Benefits:**

Mr. Ponzio moved, seconded by Ms. Pires, to approve the following Pension Benefits and the lump sum Contributions, as presented:

**Approval of Pension Benefits:**

Edward Bike, Jr.	\$3,248.86	1/1/2015
David Weir	\$ 946.84	2/1/2015
Anibal Henriques	\$1,139.56	2/1/2015

**Approval of Contribution Distributions:**

David Stewart b/o Tracy Ann Stewart	\$12,942.58	2/28/2015
Carol Marsh	\$10,222.53	3/31/2015
Steven Castro	\$11,283.87	4/27/2015
Paul Timpanelli,	\$21,312.39	4/27/2015

Vote: 7-0-0

**Approval of Minutes**

Mr. Ponzio moved, seconded by Mr. Daly, to approve the minutes of the February 3, 2015 meeting, as presented.

Vote: 6-0-1 (abstained: Meisner)

**Buy-back and Resolution**

Ms. Pires indicated that we contacted John Gaillette regarding the buyback option(s) as discussed in the Plan asking him to provide a detailed explanation of each scenario.

**Adjournment**

Mr. Ponzio moved, seconded by Mr. Daly, to adjourn the meeting at 8:26 p.m.

Vote: 7-0-0

Respectfully submitted,

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Phyllis C. Collier  
Clerk - Pension Board