

**Pension Board
Minutes
November 15, 2011**

CALL TO ORDER

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

Members present and absent were as follows:

PRESENT

Chairman Michael Charland
Michael Knight
Donna Pellitteri
James Lavin
Maria Pires
William Schietinger
John Ponzio

ABSENT

Also Present:

Chris Kachmar

PUBLIC COMMENT

There was no public comment.

INVESTMENT UPDATE (Chris Kachmar)

October was a good month and the portfolio recovered notably from September. To highlight the third quarter:

- Yield curve remains steep; Fed trying to bring long-term interest rates down.
- Smaller cap yielded less than large cap in equities; within fixed income high yield bond market was down 6%.
- 3 year vs. Broad market; 13.8 vs. 8
- Bond prices were higher than interest rates.
- Gloomy picture; however, October better.
- Despite problems, third quarter remained good.
- Longer term tends to drive the outcomes.

PIMCO - fixed income - is 22% of portfolio; this was a difficult quarter. Mr. Knight asked for costs to be included in report going forward. Vanguard and PIMCO are the largest in the portfolio and Mr. Kachmar is comfortable with both. The Portfolio Balance as of 9/30/11 is \$16.7 vs. the \$18.3 million balance as of 10/31/2011. The investments in October increased over the third quarter, as follows:

| | |
|--------------|--------|
| Diamond Hill | +11.7% |
| MainStay | +12.9% |
| Montag | + 9.0% |
| Boston Trust | +14.6% |
| Thornton | +10.6% |
| America | +10.0% |
| Van Eck | +17.2% |

Mr. Knight indicated that although the portfolio is doing well, we are still short \$46 million and we need to monitor that. Mrs. Pires indicated that the valuation is done every 2 years, and one will be done in 2012.

Discussion followed regarding the net cash flow; contributions made by the Town less the funds paid out. Since pension fund has never been fully funded, this administration has added a lot and is taking a hard line approach to funding the plan, including the introduction of a defined contribution plan.

The Chair went on to add that in 2008 the actuarial valuation was not accurate; we were actually paying out more than the valuation indicated. Mr. Knight then asked how we are going to cover \$77 million dollars of liability. The Chair indicated that when we looked into this problem we decided to move to a defined contribution plan, which would freeze \$56-63 million of liability. Based upon this, we calculated that we would be able to cover approximately 15 years of benefits. The new valuation indicated that with a defined contribution plan there would be a 20% reduction in cost.

The Chair went on to add that YTD the plan was down 7.2% and the benchmark was 5.8%. For the first time in our relationship with FIA, we are down 1.4%. This is something that we are going to have to address in our next Board meeting. To underperform our benchmark by over 1 point raises the question do we have the right allocation for the markets we are facing.

Mr. Kachmar feels that we are trending closer to benchmark where we want to be. Mr. Knight indicated that in June we were at .3. Since we made it up in domestic equities, should were allocate. Mr. Kachmar indicated that the portfolio, from a strategic standpoint, is the right allocation for what we want and is very solid.

The Chair indicated that with another valuation next year we should have Chris come back with a grand plan in the 1st quarter next year.

APPROVAL OF MINUTES - AUGUST 31, 2011

The Chair asked for a motion to approve the minutes of the August 31, 2011 meeting.

It was noted that the following be amended:

At 8:30 p.m. Mr. Ponzio moved, seconded by Mrs. Pellitteri that the Board go into executive session. Vote: 5/0

At 8:50 p.m. Mr. Ponzio moved, and seconded by Mr. Lavin, that the Board come out of executive session. Vote: 5/0

Mr. Ponzio moved, seconded by Mrs. Pires to approve the August 31, 2011 minutes as amended. Vote: 5/0/2 (abstention: Mr. Schietinger - Mr. Knight)

APPROVAL OF PENSION BENEFITS AND WITHDRAWAL OF FUNDS

The following individuals were presented for approval for monthly benefit payments and lump sum payout:

| | | |
|------------------|-----------------------------|------------|
| Smith, Brian | eff. 7/31/2010 | \$1,676.38 |
| | Tabled at 8/18/2010 meeting | |
| Hayden, George | eff. 8/1/2011 | \$2,064.72 |
| Tichy, Dawn | eff. 9/1/2011 | \$1,274.48 |
| Lewis, Elizabeth | eff. 9/1/2011 | \$ 298.95 |
| Dewey, George | eff. 9/1/2011 | \$1,082.50 |
| Murray, Ronald | eff. 12/1/2011 | \$1,056.15 |

Withdrawal of Funds:

| | | |
|---------------------|----------------------|-------------|
| George Irizarry | terminated 6/30/1993 | \$ 6,787.19 |
| Geraldine Cristiano | terminated 9/30/2011 | \$ 916.71 |
| Goncalves, Maria | terminated 1/24/2009 | \$ 2,980.71 |

A discussion took place regarding the terminated employees who leave their contributions in the pension plan earning 5% interest. The Chair asked if there was some way to track those individuals, indicating that no one has ever addressed this issue. Mr. Ponzio suggested that there might be something in the union contract or in the plan that required the individual to withdraw the funds. Mr. Lavin asked what occurs when the individual terminates.

For the record, the Chair stated that at the next meeting we need to have the following information:

- If a person is not vested, and leaves Town employment what is the Town requirement in the Pension Plan for returning their contributions. What if the person is vested?
- The number of employees currently in this situation.

Mr. Knight asked how many non-certified personnel are currently on the payroll with the BOE. Mr. Ponzio responded that there were 297 as of the last valuation.

Mr. Lavin moved, seconded by Mr. Ponzio to approve the Pension Benefits and Withdrawal of Funds as presented. Vote: 7/0.

403B PLAN - (Maria Pires and Daniel Nelson)

Mrs. Pires and Mr. Nelson presented the highlights of the 401A Plan, which is the not-for-profit plan:

- We chose The Hartford to administer the 401A
- Mandatory contributions; Maximum contributions
- The Hartford provides a selection of 25 investment options.
- Currently only for certain individuals
- We must get this in all of the union contracts
- Matching up to 5%
- Probationary period - months
- Vesting 20%; 100% over 5 years
- Initial investment

Maximum time on the job would be 6 months since probation period is 3-6 months with the Town for medical.

The Chair requested a motion to approve the following resolution, as presented:

The Pension Board has reviewed the 401A Plan information provided by the Hartford, and the Board agrees to establish a probationary period of six (6) months, 20% annual vesting over 5 years, along with the Hartford's investment guidelines and the Board recommends adoption of the 401A Plan as presented.

Mr. Schietinger moved, seconded by Mr. Lavin to approve the resolution as presented by the Chair.

Vote: 7/0

ADDENDUM TO THE PENSION BOARD AGENDA

This addendum places a limit on the maximum benefits of \$195,000 per year. This will have no impact on us; it is to comply with the requirement of the IRS Code of 1986, within the guidance of ERISA.

Mr. Ponzio moved, seconded by Mr. Schietinger to recommend that the Town approve the adoption of amendment #2 to the Pension Plan to comply with the requirement of the IRS Code of 1986. In addition, the Board authorizes the payment of the legal fees incurred in connection with this matter.

Vote: 7/0

OTHER BUSINESS

Mr. Ponzio indicated that last month in the closed session it was decided that Attorney Walsh would draft letters for those individuals with pension overpayments. It was recommended that a soft letter be sent with a hard letter to the "other" individual.

Mr. Ponzio moved seconded by Mr. Lavin to authorize Attorney Walsh to proceed with the letters necessary to recoup our pension losses.

Vote: 7/0

CALENDAR FOR 2012

By unanimous consent the Board agreed to the following meeting schedule for 2012:

- Tuesday, February 21
- Tuesday, May 15
- Tuesday, August 21
- Tuesday, November 20

ADJOURNMENT

There being no further business to discuss, the Pension Board adjourned by unanimous consent at 9:30 p.m.

Respectfully submitted,

Phyllis Collier
Pension Board