

FINANCE DEPARTMENT  
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TOWN HALL  
238 Danbury Road  
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**Pension Trustee Meeting  
April 13, 2011  
7:30 PM  
Meeting Room B**

Present: Bill Brennan, Richard Creeth, Jim Meinhold, Harold Clark, Dick Dubow,

Absent: Susan Bruschi, Ted Hoffstatter

Others: Sarah Taffel, Rich McArdle, Carol Misus (on phone from Vanguard), Bob Kelso

The meeting was called to order at 7:30 PM.

**Approval of Meeting Minutes of January 19, 2011**

A Motion was made to approve the Minutes of January 19, 2011. The Motion was seconded and carried.

**Review Account Performance: Performance vs Benchmarks**

Ms. Misus reviewed the Account Performance saying that it was a very good quarter. Index funds performed in line with the benchmarks.

Potential for underperformance in the asset class was on the fixed income side. For three months it was .59 vs the benchmark of .43

She reviewed their recommendations to the Investment Committee to move 5-10% from equities to fixed income (particularly the intermediate-term investment grade fund).

Mr. Brennan asked what the Investment Committee had decided to do and Ms. Misus replied that they were taking 2 million out of the Total Stock Market Index (Domestic) portion and \$500,000 out of the International Emerging Markets Index fund and moving the 2.5 million into the Intermediate Term Investment Grade Fund.

Same proportion changes will be made with the OPEB account.

Mr. Brennan asked what the outlook is on interest rates? Ms. Missus said that they are looking for the Fed Reserve to tackle their balance sheet issues and get rid of some of the debt. Then they think they will start to raise the interest rates the second quarter of 2012.

Mr. Creeth asked what Vanguard thinks the impact of their trying to clean up their balance sheet will be? Ms. Misus said that it depends on who will be buying Treasury Bonds.

Mr. Dubow asked what Vanguard thinks is the projection for GDP growth? Ms. Misus replied that they are looking at between 2-3% so moderate growth. They feel that the economy is starting to show some momentum particularly in the manufacturing area. Corporations are sitting on a large amount of cash and they are looking for them to deploy it. Business spending will be the engine of growth, new jobs and confidence building.

Mr. Dubow asked if they feel that Japan will be a drag over time? She said that Japan represents 10% of the world GDP so it is a big player. Over the short term it may be a drag but the rebuilding of it will present an engine of growth for them.

Mr. Brennan asked how long does Vanguard think it will be before they see growth in the Pension Plans? She replied that we are doing well but still suffering from 2008. As the returns on the portfolio exceed the discount rate of 7.8%, there should be an improvement.

Mr. Brennan asked what Vanguard thinks about projections for inflation over the next 12 months? Ms. Misus replied that Vanguard typically doesn't look at short-term projections they feel that's too difficult. They look at 10 year projections and their long-term projections for inflation are 2-3%. They are not worried about inflation getting out of hand. They feel it will be fairly contained in the median circumstance.

Mr. Brennan thanked Ms. Misus and she hung up.

Mr. Brennan recommended that the meetings be combined so that the Retirement Trustees can listen to what is being suggested at the Investment Committee/OPEB. Everyone agreed that this would be more productive.