

FINANCE DEPARTMENT  
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TOWN HALL  
238 Danbury Road  
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**Pension Trustee Meeting  
January 19, 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)

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**

Mr. Burnham was asked to review the Pension Portfolio and OPEB Accounts' performances for the Trustees.

He said that equities are doing very well while bonds are not because of rising interest rates. The Investment Committee has decided that they are no longer interested in the Extended Duration Fund and voted to sell the investment in the Extended Duration Fund of about nearly \$2,000,000 and move it into the Short-term Investment Grade Fund.

They also decided to increase the exposure to REITS by adopting Vanguard's recommendation to increase the allocation up to 5%, taking money out of the Total Stock Market Index Fund and moving it into the Vanguard REIT Index Fund. They also made a slight change to the Emerging Markets Stock Index Fund – moving from Signal Share to Institutional Share to lower the administrative cost.

He went on to say that the Committee does not concur with some of Vanguard's recommendations. For instance, they don't believe that it's appropriate to increase the exposure to Intermediate-term Investment Grade Funds as Vanguard has recommended, they feel it is more appropriate to increase the exposure to Short-term Investment Grade Funds given rising interest rates.

They also feel they should retain the slight bias in Emerging Markets as part of the foreign equity portfolio.

As far as performance is concerned, the portfolio outperformed the benchmarks. On the equity side it is up 7% for the month of December, 10% for the quarter and 16% for the year. On fixed income, it was down for the month of December and down for the quarter but up 7.5% for the year.

Chairman Brennan asked what the basis was for expanding the exposure to the REIT Fund. Mr. Burnham replied that Vanguard had recommended that they allocate up to 5% but the Investment Committee wanted to be more cautious and so they started out at 2% then went to 3% and now decided to move it up to 5%. Mr. Rutishauser, a member of the Investment Committee with a strong background in this area, also recommended the increase to 5%.

Mr. Burnham said that discussion had ensued around the wisdom of increasing allocation to equities and the general consensus was not to do so given that they are near the top of the target (65%) range for equities and given the current economic climate.

Chairman Brennan echoed these sentiments saying that the economy is still very fragile and any number of events could have a negative impact on the market. Mr. Burnham assured the Trustees that he would relay this message of caution to the Investment Committee.

A discussion ensued about funding the Pension Fund.

Mr. Dubow asked if the Board of Finance had the Actuarial Report for June 30, 2010. Mr. Meinhold said that they didn't think the Board of Finance had received one.

Mr. Creeth said he thought it would be a good idea for them to see the Report as soon as it was available.

There being no further business the meeting was adjourned.

Respectively submitted,

Mariana Corrado