



FINANCE DEPARTMENT

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TOWN HALL

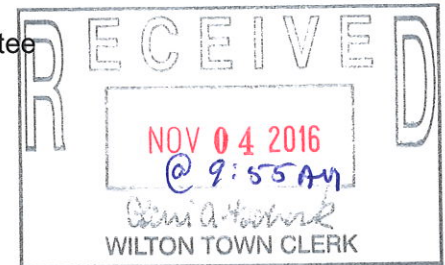
238 Danbury Road

Wilton, Connecticut 06897

Minutes

Wilton Retirement Trust
Wilton Employees Retirement Plan Investment Committee
Other Post-Employment Benefits Trustees

Regular Meeting – February 3, 2016
Meeting Room B - 7:30 PM



Present:

Investment Committee: Robert H. Kelso, Robert Schultz, Richard E. Wehrmann, Paul Burnham, Jeffrey G. Rutishauser

Retirement Trust: Lynne Vanderslice, Michael Kaelin, Richard J. Dubow, Lori Bufano, Anne Kelly-Lenz, Chris Stroup

OPEB: Warren Serenbetz, Chris Stroup, Lori Bufano, Anne Kelly-Lenz

Others: Christopher Rowllins and Kevin O'Brien (FIA), Ron Schlee (H & H), Sarah L. Taffel, Richard McArdle, and one member of the public

Absent: David Clune, Ken Post, John Kalamarides

Call to Order

Ms. Vanderslice called the Meeting to order at 7:30 p.m.

Agenda

Ms. Vanderslice asked for a motion to add Ron Schlee (H & H) to the Agenda. Robert Kelso so moved, the motion was seconded and carried unanimously.

Minutes:

Ms. Vanderslice asked for a motion to approve the minutes of the November 4, 2015 Regular Meeting. Motions to approve were made by Robert Kelso, Chris Stroup and Warren Serenbetz for their respective committees; motions were seconded and carried unanimously.

Fourth Quarter Review – Fiduciary Investment Advisors

Chris Rowllins first mentioned the upcoming annual client conference June 17th and summarized FIA's 2015 year-end firm update and highlights. He also went over the Defined Benefit Fiduciary Governance Calendar for the 4th quarter that has a Pension Landscape Focus with an Investment review and a Market environment overview.

Chris touched briefly on a study done by the Center for Retirement Research at Boston College for funding of state and local pensions. Required contributions, as a percentage of payroll, have steadily risen and that study presented factors driving the pattern in contributions.

GASB 74 & 75 – OPEB Plans: These two statements will replace the existing GASB 43 & 45 reporting that detail how state and local governments should account for and report post-employment benefits. Page 9 of his handout gave the key highlights of the two statements. Mr. Schlee interjected that there are no funding implications for this, so no funding policy changes required.

Fourth Quarter Market Review highlights appear on page 10 of the handout. Mr. Rowlinson also mentioned:

- There was a wave of M & A activity due to abundance of capital and low interest rates
- REITS were sharply higher, up for the quarter, which helped the OPEB portfolio
- There is still concern with China as they transition to a consumer-driven economy which impacts on their trading partners and neighbors
- Commodities saw an overall collapse in oil prices with supply imbalance; eventually less supply will be available to consumers
- Fixed Income: there was risk aversion with significant decline in yields due to interest rates

Asset Allocation and Investment Performance

Mr. O'Brien reviewed the Asset Allocation saying there was no difference in terms of rebalancing required. The Plan ended the year at \$98,791,969. Fixed Income allocation was 30.5%. Mr. Stroup asked if FIA would automatically rebalance in a downturn. Mr. Rowlinson replied they would look at the portfolio and come back with a suggested strategy for the Committee's decision on how to move assets if needed. Lengthy discussion ensued about rebalancing.

Plan Performance – YTD there was not a lot of movement so the Plan was flat for the one year time period. For the quarter the Plan was basically in line with the Benchmark.

Manager Performance Overview – Mr. O'Brien stated for the quarter the Fixed Income managers were slightly down, and Domestic Fixed Income was essentially flat for the year. One Global Fixed Income manager was up for the quarter but down for the year, but this helped round out the Fixed Income Allocation. A question arose about Eton Vance and Mr. O'Brien stated it's needed as it diversifies the mix and acts as an interest rate hedge when rates climb. In Manager Commentary Mr. O'Brien stated that each manager is on "maintain"; i.e., they still have confidence in them.

Equity – Domestic: Both Diamond Hill and Eton Vance had positive performance for the quarter. Diamond Hill was up slightly for the year and Eton Vance was up significantly, with good peer rankings.

International: The four managers had positive performance for the quarter and mixed YTD results. Developed International Equity did much better than Emerging Markets (China hurt that sector). More developed managers, such as T. Rowe Price and Templeton, did relatively better.

Fee Analysis – Mr. Rowlinson briefly discussed the fee schedules, saying FIA strives for institutional pricing and they feel the rates are very competitive. The average weighted fee is 0.49%.

Miscellaneous questions and responses followed.

OPEB Plan Fourth Quarter Results - FIA

Market Review – The handout depicts a summary similar to that of the Pension Trust.

Asset Allocation – There is roughly \$5.4 million in the Plan. Mr. Rowlins said the assets have a 60/40 allocation with 40% within Fixed Income and gave a brief overview of the changes recommended and effected during the past year to provide more flexibility in the portfolio. Domestic Equity did a total allocation strategy with an International Equity manager added to complement the Vanguard strategy. Chris Stroup asked when an asset allocation study was last done. Per Chris Rowlins, it was in 2012. Mr. Stroup asked for a summary of the allocation changes to review prior to the next meeting. Mr. Rowlins will email him the requested information.

Account Reconciliation – Shows a Net Return of 2.7% vs. Benchmark of 2.8. Net Contributions exceeded outflow, thus the ending value of \$5.4 million. Since inception there is about 6.1% return. As the assets continue to grow FIA looks at other investment products to complement the portfolio. The cost for the portfolio runs about 22 basis points, due in part to adding active managers.

Actuarial Valuation – Presentation by Ron Schlee

Ron Schlee of H & H presented a Review of the July 1, 2015 *Final* Actuarial Valuation for the July 1, 2016-17 Fiscal Year. There are no big changes from the Estimated Valuation presented in November. Compensation numbers are now firm and information on participants more fully known. The funded percentage is still over 95%, up a half percent. Therefore according to the Town's funding policy, an additional 5% contribution will be made over what is actuarially calculated. Most if not all the groups will go down a little, even with this 5%.

As far as participant data, there were a few small changes from the Estimate. Ron reminded all that, except for Fire, total participants will only decrease since no new will be added. Mr. Dubow requested this be so noted in future reports for the benefit of future attendees of this meeting.

Market return remained unchanged from November's meeting and Mr. Schlee explained the contributions calculation, saying it is spread over five years to control volatility. Assumptions and Methodology Chart had no changes from November, including an annual 2.5% COLA. Mr. Schlee elaborated on the other tables that depicted the funded status, the Town's normal cost, and the contribution summary. A question arose about the Police plan and the increased liability, which Mr. Schlee explained was partly attributed to the additional two years of service negotiated (goes to past service liability). Mortality was discussed at the November meeting and the last page is reference.

Other Business – Warren Serenbetz asked if the Board of Selectmen had assigned a representative to OPEB, to which Ms. Vanderslice replied it is Lori Bufano. Warren referred to the previous CFO's suggestion to augment the OPEB representation so as to ensure the ability to vote when required. Any other potential members could be discussed at future meetings.

There being no further business, the meeting adjourned at 8:43 PM.

Respectfully submitted,

Kris Fager
(from audio recording)