



FINANCE DEPARTMENT

Tel (203) 563-0114

Fax (203) 563-0299

TOWN HALL

238 Danbury Road

Wilton, Connecticut 06897

Minutes

Wilton Retirement Trust
Wilton Employees Retirement Plan Investment Committee
Other Post-Employment Benefits Trustees
February 4, 2015

7:30 PM
Meeting Room "B"

Present:

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

Retirement Trust: William Brennan, James Saxe, Sandra Dennies, John Kalamarides, Richard J. Dubow, Michael Kaelin, Deborah McFadden

OPEB: Warren Serenbetz, James Saxe, Ken Post, Sandra Dennies

Others: Christopher Rowllins; FIA, Kevin O'Brien; FIA, Richard McArdle, Sarah Taffel

Absent: Christopher Stroup

Call to Order

Mr. Brennan called the Meeting to order at 7:30 PM.

Motion made to approve minutes of both November 5 Regular Meeting and December 3 Special Meeting. Mr. Burnham questioned whether there was a quorum present to approve and suggested wording be revised to state a Motion was made by Pension Trustees to reduce Return. Minutes approved as amended as suggested by Paul Burnham, seconded by John Kalamarides and carried unanimously.

Capital Markets Overview – Fiduciary Investment Advisors

Mr. Rowllins presented the Pension Review for the 4th Quarter and a year-end update at FIA. Pension Plan highlights include:

- The implication of pronounced Accounting and Financial reporting changes to GASB 67, 68
- Net Pension will now be shown on the books

- New mortality tables reflect increased liability
- Wilton's Plan is 90% funded vs. other state and local plans
- Investment Return Assumptions trended lower, with higher liabilities but can be somewhat adjusted by several variable factors, such as COLA's, salaries, etc.
- Divergence in global monetary policies signaled accommodative nature
- US dollar strengthened while oil prices declined
- US Bond markets and Treasury market rallied compared to Eurozone (19 countries). Will Greece stay?
- Large caps outperformed small
- S & P up 13% for the year, with temperate aggregate returns around 3% – 5 %
- REITS up 30% YTD
- Longer Beta signified demand for safe haven US Treasury bonds to suppress interest rates
- Interest rates increased slightly in anticipation of a Federal rate hike in the second half of 2015
- Bond Index Fund served as an anchor toward sharper interest rates
- Strong results for S & P 500 with low numbers for the low indices, resulted in a difficult year for active managers

Asset Allocation and Investment Performance

Mr. O'Brien reviewed the Asset Allocation, which was \$98.6M at calendar year-end. The breakout of the portfolio is shown on Tab 3, page 17. Small cap exposure was very good for 2014. Changes included replacing Thornburg with Europack and T. Rowe Price Overseas who can invest in Emerging Markets. Page 18 chart depicts Asset Allocation by Asset Class and exposure, while page 19 gives the snapshot of Total Plan Performance.

The Manager Performance Overview is found on pages 22 - 24. Fixed Income YTD is up 3.9 and ranked 14 among its peers, so YTD number is very comfortable.

The Plan invests in many Fixed Income opportunities, such as Met West - up 6.1 YTD - and Templeton whose quarter performance was not good but has a good longer- term track record. Manager is holding 20% cash now to act on opportunities as they arise.

Mr. Kalamarides asked if they were happy with the Eaton Vance floating rate fund. The answer was "Yes because of the higher quality focus, which includes a monthly call." Mr. Rowlin said, "They are conservative in the single B space that has a higher yield with nice hedge potential rates. Pimco had a poor quarter, underperforming in the 90%".

Domestic Equity: Two small mid-cap funds Diamond Hill and Eaton Vance had good performance in benchmark; high quality focus and good exposure to the consumer.

International Equity: Europac down 1.6 while peers were down 4.1 or top 9% of benchmark. Templeton Small Cap exposure also down, while Real Estate up 8.6 YTD. The Inflation protection allocation overall was down for the quarter, due in part to oil price collapse.

Bill Brennan asked at what point would different managers be better in this area to be more effective. Chris Rowlin replied that the managers are given a longer leash but are on watch status.

Asset Allocation YTD up 2.1. Blackrock, represents 10% of portfolio and is up 7.4 since its inception 5/2012. Manager is holding 19% in cash looking for opportunities to present themselves.

Pages 25-28: All strategies are on "maintain" status, with no funds on watch or terminate. Cash Flows and the Summary are shown on page 31. The Weighted Average Fee is .57% , page 84.

Chris commented they never consider their strategy to be static but presently are content to stay with the hard asset class because of its performance.

OPEB

OPEB Allocation Overview ending value of Plan as at 12/31/14 was \$5M, broken down by category as Fixed Income 40%, Domestic Equity 30%, International Equity 20% and Real Estate 5%.

The Plan was up 1.8 for the quarter, 6.4 YTD, a good performance.

Manager Performance Overview discussed. These are similar in performance, with Vanguard REIT in the top 25% of the peer group. International was down 4.2 although indexing helped. May want to consider a more global REIT and add it to the strategy.

Average Weighted Fee is .21%. Chris Rowllins said they will continue to use passive management in Large Cap. OPEB has 40% Fixed Income.

Discussion revolved around active vs. passive managers. Per Chris Rowllins active is supposedly favored.

Warren Serenbetz brought up an OPEB Action Item. He indicated the need to approve the Amendment to the Investment Policy to match the Pension Plan to reduce Return Assumptions to 7.125% and reduce Salary Assumptions by 50 bips. Mr. Serenbetz made the motion to approve. The motion was seconded and carried unanimously.

There being no further business, the meeting adjourned at 8:41 PM.