



FINANCE DEPARTMENT

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Minutes

Wilton Retirement Trust
Wilton Employees Retirement Plan Investment Committee
Other Post-Employment Benefits Trustees
May 14, 2015

7:30 PM
Meeting Room "B"

Present:

Investment Committee: Jeffrey G. Rutishauser

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

OPEB: Warren Serenbetz, Ken Post, Christopher Stroup, Sandra Dennies

Others: Christopher Rowllins; FIA, Richard McArdle

Absent: Paul Burnham, Robert H. Kelso, James Saxe, Robert Schultz, Richard E. Wehrmann

Call to Order

Mr. Brennan called the Meeting to order at 7:30 p.m. and asked for a motion to approve the minutes of the February 4 Regular Meeting. Deborah McFadden made the motion to approve, it was seconded and the motion carried unanimously.

Capital Markets Overview – Fiduciary Investment Advisors

Mr. Rowllins first mentioned the 6th Annual Client Conference, scheduled to be held June 18th In Newport, RI.

Mr. Rowllins then presented the Pension Review for the First Quarter 2015 and stated there were no recommendations at this time. Tab 1 of his handout depicts the Defined Benefit Fiduciary Governance Calendar, speaking of the 1st quarter fee focus/disclosure and transparency. He discussed the detailed fee review stating the average weight investment management fee is at 0.57%, or approximately \$565,000. Wells Fargo's Custodial Fee is approximately \$32,000, and FIA's Consulting Fees are static at \$50,000.

Pension Plan highlights include:

- Global markets paid dividends this quarter
- Central bank activity continued worldwide, lowering key lending rates
- The U.S. is likely to see a Fed hike sometime between September and December
- Volatility will end as investors will recalibrate due to expectations of the U.S. rate hike
- Domestic returns were slightly muted over investor concerns of the strength of the U.S. dollar
- Small Caps outperformed Large Caps, reflecting the energy component
- International markets are strong with greater investor interest
- Fixed Income reflected very attractive lower interest rates
- Bond prices moved modestly higher
- Commodity prices were up almost 6%
- International equity within Large caps performed well
- Health Care did well overall, especially pharmaceuticals

Asset Allocation and Investment Performance

Mr. Rowlins reviewed the Asset Allocation, which ended the quarter at \$100,506,539. This reflects about 30% of target to Fixed Income. Prudential was added as a manager at the beginning of the year. Asset Allocation by Asset Class depicts 34% Domestic Equity, 35% Fixed Income and the balance to international and domestic commodities and real estate.

Wilton's Pension Plan Benchmark is 170 bps, about 80% of the Trailing Performance Summary as some managers recovered in the first quarter. The Benchmark Composition reflects 30% domestic equity large caps, with a 20% international posture.

The Quarter Review by Manager followed with a snapshot of each manager and their performance. Mr. Rowlins said the trend continues to diversify the Fixed Income Portfolio over the last two years. The International portfolio has done well, especially the Large Cap managers. Europac has displayed a bit more flexibility, the example being T. Rowe Price Overseas.

There were mixed results for Fixed Strategy but Blackrock had a strong quarter, up almost 3% due to good allocation. Ms. Dennies inquired about Credit Suisse. Credit Suisse has made up for the loss since 2014 in this past six weeks. This quarter is starting to show dividends.

John Kalamarides asked about market action going forward. Mr. Rowlins advised that they continue to see central bank activity with a significant influence over the market. He expects markets will take a cue from central bank activity (both domestic and international) as the U.S. will most likely raise the interest rate in the late September to December timeframe.

Bill Brennan asked if election activity later this year will affect the markets. Mr. Rowlins said this was a tough call to make. He felt that municipal plans faced the biggest challenge generating enough income on the Fixed Income side. Mr. Brennan also asked about PIMCO being split out. Mr. Rowlins replied

that although Prudential and Met West have different strategies, he is comfortable with their credit quality. No managers are on watch or scheduled to be terminated.

Chris Rowlin then spoke of the upcoming conference themes that will focus on Best Practices, Capital Market Assumptions and Spending Policies. Mr. Brennan asked about OPEB, if we would still go with Vanguard after year end, to which the reply was yes, as it has a better performance of asset class.

OPEB

Warren Serenbetz next called the OPEB portion of the meeting to order. He asked for a motion to approve the minutes. Chris Stroup made the motion; it was seconded and carried unanimously.

Mr. Serenbetz advised that there were three Action Items requiring vote:

1. Mr. Serenbetz asked for a motion to formally approve the Amendment to the Investment Policy, thereby moving the Cash target rate down to 5%, Fixed Income to 40%, and Domestic Equity to 30%. He explained this has been discussed at past meetings, and the vote formalizes the earlier decision. Chris Stroup made the motion; it was seconded and carried unanimously.
2. Mr. Serenbetz asked for a motion to approve moving \$100,000 out of Vanguard Total Stock fund into the Webster Bank account in order to pay benefits. He noted the resulting asset allocations would be within targets. Chris Stroup made the motion; it was seconded and carried unanimously.
3. Lastly Mr. Serenbetz asked for a motion to approve Sandra Dennies, in consultation with Mr. Serenbetz, to make trades within the target allocations to obtain the cash when necessary for payment of said benefits. Chris Stroup made the motion; it was seconded and carried unanimously.

Chris Rowlin then briefed the meeting attendees on the Market Review, the highlights of which are in Tab 1 of the handout.

Mr. Rowlin then gave an Account Reconciliation Overview, page 7 of the OPEB handout, saying Wilton's OPEB Plan is at 2.43% vs. the 2.44 Benchmark. He stated there is no change to asset allocation recommended. An overall investment recommendation will be made at the next meeting.

Fees were at 0.21%, having increased slight because of adding American Funds Europac Growth Fund and more active managers. Mr. Serenbetz asked if Webster Bank had the same charges as for the Pension Trust. The answer is no, Webster charges a flat \$1,000.

There was no further comment from anyone present, but Sandra Dennies then announced at the next meeting that Ron Schlee of Hooker & Holcombe would attend to discuss factors for 2016 valuations. There was discussion about the actual date of the next meeting and it was agreed that Ms. Dennies will send out an email to gather a consensus about a mutually agreeable date to meet.

There being no further business, the meeting adjourned at 8:21 PM.