



FINANCE DEPARTMENT

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Minutes  
Wilton Retirement Trust  
Wilton Employees Retirement Plan Investment Committee  
Other Post-Employment Benefits Trustees  
January 29, 2014

7:30 PM  
Meeting Room "B"

**Present:**

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

**Retirement Trust:** Harold E. Clark, Christopher Stroup, Sandra L. Dennies, Richard J. Dubow, Ted Hoffstatter. James F. Meinhold, James Saxe, Jr. ABSENT: William Brennan (Chair)

**OPEB:** Warren Serenbetz (Chair), Sandra L. Dennies, Harold E. Clark, Kenneth Post, : Christopher Stroup,

Others: Chris Rowllins, Rich McArdle, Sarah Taffel

**Call to Order**

7:30 pm –the meeting was called to order by Mr. Kelso and Mr. Serenbetz.

**Meeting Minutes of November 6, 2013 Regular Meeting (Retirement Trust, Investment Committee and OPEB)**

Motion to approve the Investment Committee Minutes of November 6, 2013 as Amended; the "Recommendations were for balancing the Pension Portfolio not the OPEB Portfolio" the motion was seconded and carried. A Motion was made to approve the Retirement Trustee Minutes of November 6, 2013, motion seconded and carried.

OPEB: Motion to approve the November 6, 2013 Minutes. Motion was seconded and carried.

Mr. Kelso introduced Chris Stroup who is replacing Gil Bray on OPEB and as a representative for the Board of Ed to the Retirement Trustees.

Mr. Rowlins gave an overview of the 4<sup>th</sup> Quarter referring everyone to a handout (which is on file). He said that there has been modest improvement in the economy, that the Fed is keeping short term interest rates low and that it's been the strongest year since 1997 for the S&P 500. Additionally:

- Solid Results for Domestic Equities
- In International, there was improved growth in Developed Markets i.e. Europe
- Emerging markets were negative for the year
- Nontraditional; Commodities outside of energy, commodity prices sold off and REITs have not been performing well
- Domestic Equity – Small Cap out performed large Cap
- International – Developed Markets sharply outpaced Emerging Markets
- Fixed Income – Performed well last year outside of treasuries
- Alternatives – Hedge funds posted positive results, Commercial Real Estate continued to experience price appreciation, Commodities declined

Mr. Rowlins said that the Investment Portfolio finished at the end of December at \$94,501,155. He reviewed the allocations for the year. He then reviewed the reconciliation (on page 14) and pointed out that the Pension Portfolio is exceeding the benchmark. A brief discussion ensued. Mr. Kelso asked if they are particularly concerned with any of the Managers.

Mr. Rowlins said that Aberdeen struggled last year due to their Emerging Markets exposure (See page 18). Mr. Serenbetz asked if they had put Pimco on watch and Mr. Rowlins replied that they had, not only because the Manager left but because they were concerned that others might leave as well.

When discussing the Emerging Markets Mr. Rowlins referred to Turkey, India, Indonesia, Brazil and South Africa as the "Fragile 5" saying that these countries are dealing with high current account deficit and some inflation. Adding that these countries were recipients of easy money over the last few years and now the money is going away.

A brief discussion ensued around the Fed and Mr. Rowlins said that they had reduced their Bond buying program adding that short-term rates will remain low through 2015.

The Investment Committee then moved to Mr. Brennan's Office and the OPEB Committee remained in the Conference Room.

## **OPEB**

Mr. Rowlins said that the total assets for the OPEB portfolio is \$4,210,695 with short term liquidity at \$1,096,885 (for disbursement purposes). He then reviewed the gains and losses (found on page 38 of the OPEB handout).

A discussion ensued around how much money could be invested. A question was raised as to how much was paid out last year in claims and Ms. Dennies replied that \$752,000 from OPEB was paid out.

Mr. Clark made a motion to take short term liquidity back down to the 15% allocation. The motion was seconded and carried.

A discussion ensued around Index strategies.

Mr. Rowlins reviewed the recommendations for the OPEB Portfolio to the Committee. (These are found on pages 1 and 8).

Mr. Serenbetz made a motion to accept the recommendations of FIA and ask that Ms. Dennies work with FIA to implement them. The motion was seconded and carried. This means:

- Fixed income asset allocation is at 30%.
- Move from longer term TIPS to shorter term TIPS
- Take out of the Intermediate Investment Grade and move into Black Rock

The OPEB Committee adjourned.

## **Breakout of Investment Committee**

**Discussion regarding international funds in the portfolio.** Members were concerned about the three international funds currently in the portfolio; Thornburg, Aberdeen and Templeton were rated low compared to their peers. The emphasis was especially on the Thornburg. A decision was made to question FIA on the funds in the Trust and ask them to defend these choices and if there were better alternatives to the current international funds.

**Discussion regarding Fixed Income Funds.** Discussed whether it would be a good move to lower the allocation in Fixed Income in anticipation of interest rates rising. Decision was made to discuss this with FIA.

Overall Allocations – Discussed whether the allocation rates per fund were the target or if there was a range. For example, the allocation for fixed income is 30% and the requirement was to be as close as possible to the 30% allocation or if there was a range. There is a range for each asset class – the information would be sent to the members. Target Asset Allocation Table that was adopted August 2012 was sent to members on January 30, 2014.

**Funds to cover payments to retirees.** A brief discussion was held about cash requirements to fund payments to retirees. The conclusion was that Finance would monitor the balance and anticipated payouts and work with FIA when the balance in the money market fund was low.

Upon returning to the Conference Room, Mr. Kelso said that they had decided that the Investment Committee would take a hands-off approach to the funding of the Pension Portfolio and to allow FIA to determine when to take the funds, how much and which funds to take the money from. Mr. McArdle would work with them on this.

He then explained the concerns raised by the Investment Committee Members over some of the International Fund Managers. Mr. Rowlin suggested asking Mr. Bill Roehr, who is with FIA's international research, to speak to the Investment Committee at a future meeting to address these concerns.

When asked whether Fixed Income, which is at 30%, will be poor performing if interest rates go up – Mr. Rowlin replied that FIA feels it's a rich asset class and doesn't recommend abandoning it.

Ms. Dennies said the latest report from Hooker and Holcombe, which she would send to the Members, reported that the Pension Plan was 89% funded.

The meeting adjourned.