

Town of Guilford
Pension Committee
Special Meeting Minutes
November 10, 2011
8:00 a.m.
Town Hall

Present: Pension Committee: Robert Hartmann, Chair, David O'Connor, Alex Sommers, Wayne Staschke

Town Officials: Mitchell Goldblatt, Dir. Of Human Resources, Joseph Mazza, First Selectman

Others: Joseph Bivona, Wells Fargo Advisors, John Roach

Chairman Hartmann called the meeting to order at 8:03 a.m.

1. Recognition of George Curry's service to the Pension Committee.

Mr. Hartmann stated that a great debt was owed to George Curry for his service on the Pension Committee and most especially for his work on the pension reforms. His efforts mean a great deal to the Town both now and will continue to do so in the future.

Mr. Mazza echoed Mr. Hartmann's words and added that Mr. Curry took on the project of the creation of the 401A plan and brought it to fruition (with the help of the rest of the Pension Committee). His efforts will benefit the Town greatly. He got along well with everyone and will be sorely missed.

2. Public Forum.

Mr. Roach stated that he felt that the Pension Committee should think about alternatives to a 401A plan for new employees. He felt that a 401A would not attract new applicants. The Committee explained that a Roth and a 401A are both investment vehicles and an investor has choices about where to invest their savings in either type of plan. Mr. Roach said he is still concerned about offering a 401A to new employees.

3. Approval of Minutes:

3.1 Approval of minutes of the September 15, 2011 Pension Committee meeting.

Motion: Upon a motion by Mr. Sommers, and seconded by Mr. O'Connor, the Pension Committee voted to approve the minutes of the September 15, 2011 Pension Committee.

In favor: O'Connor, Sommers, Staschke

Opposed: None

Abstained: Hartmann

4. Approve Request for Pension Benefits for Town Employees as follows:

4.1 Request for Pension Benefits – John Volpe, Jr. Retirement Date: 12/31/11 Lump Sum Request

Mr. Goldblatt stated that Mr. Volpe will be retiring on 12/31/11 and has been given the option and elected to receive a lump sum in the amount of \$601,676.71. He is asking for the approval of the Pension Committee.

Motion: Upon a motion by Mr. Sommers, and seconded by Mr. O'Connor, the Pension Committee voted to approve the lump sum payment of \$601,676.71 to John Volpe, Jr. upon his retirement on December 31, 2011.

In favor: Hartmann, O'Connor, Sommers, Staschke

Opposed: None

Abstained: None

Mr. Mazza reminded the Committee that members of the Guilford Supervisor's Association (GSA) have thirteen months remaining to be eligible to take a lump sum pension benefit. After that time a new GSA contract will go into effect and a lump sum payment will no longer be an option. Mr. Mazza applauded Mr. Curry, Mr. Goldblatt and Selectman Havrda for their efforts in negotiating a fair contract with the GSA.

5. Finance Director's Report

5.1 Monthly Investment Report from Finance Director

Ms Villano was absent due to illness. Mr. Goldblatt distributed the September report to the Commissioners for their review.

6. Old Business:

**6.1 Update on Defined Contribution Plan, Mitchell Goldblatt,
Director of Human Resources**

Mr. Goldblatt reported that a representative from ICMA (International City/County Management Association) will be coming in to obtain the First Selectman's signature on the documents necessary to put the defined contribution plan (401A) in place.

7. New Business

None

8. Quarterly Review – Joseph Bivona

Mr. Bivona noted that September 2011 was the worst month for investments since 1920, and October 2011 was the best month. The quarterly reports reflect that despite the fact that this has been a very difficult quarter, investments are back to where they were prior to the decline. He stated that headline news seems to be driving the market; US debt has been downgraded, and the potential posturing of both Greece and Italy are all influencing the market. Europe must recommend austerity and take painful measures to fix the economic problems. Until that happens the market will remain very volatile. The good news is that earnings from McDonalds and CISCO keep coming in on target.

While most pension plans were down 9 ½% - 12% for the quarter, Guilford's plan was only down 6.2%. Hillswick was up 8.81% for the quarter and they are looking to go to high quality corporate bonds. Every manager was above the index with the exception of NWQ. Mr. Bivona felt it would be prudent to have some additional exposure in emerging markets over the long term.

Mr. Sommers asked what the general thinking is among investors. Mr. Bivona stated that until the turmoil in Europe is resolved the market will remain unpredictable. The market is not letting anyone make money.

Mr. Bivona reviewed the asset allocation and described the modeling program used to find the most efficient portfolio. Mr. Staschke remarked that the fund has to be looked at closely. Most actuarial projections are based on 70 years and the Town has an aging staff and does not have 70 years to make gains. Mr. Bivona stated that his firm is looking at current conditions and trying to make assessments for the next 5 - 10 years. Mr. Sommers concurred with Mr. Staschke that they need to consider an unstable market and unprecedented lull for the next year. A basic modeling structure is the key to stability over the next year. It is important to be cautious and keep a steady course until stability can be detected.

After discussion, the members all concurred that they should stay with the current portfolio which has held up very well during difficult times. Mr. Bivona stated that between now and February the plan is to reduce Invesco to 2% from 4%, and add 1% in emerging markets. Anchor will be moved to the same class as Oakridge. This is a reposturing, not an addition of equities. The fund managers are being reviewed to make sure that the best managers are handling each class.

Mr. Staschke stated that emerging markets will be a good place to be going forward, but he did not feel a lot should be allocated to that asset class right now. Mr. Bivona stated that the portfolio has always done well in a good market, and is doing extremely well right now. Where to invest is a challenge for everyone. The Committee stated that the portfolio has done very well under Mr. Bivona's management.

Motion: Upon a motion by Mr. O'Connor, and seconded by Mr. Sommers, the Committee voted to adjourn the meeting at 8:50 a.m.

In favor: Hartmann, O'Connor, Sommers, Staschke

Opposed: None

Abstained: None

*Respectfully Submitted,
Karen Quercia
Acting Clerk*

