

**~ Draft ~ MINUTES**  
**Guilford Pension Committee**  
**Regular Meeting # 285 – December 16, 2010**  
 Guilford Town Hall, 31 Park Street  
 Selectmen's Conference Room, 8:00 AM

**Note:** These are strictly Draft Minutes and are not final until approved at a subsequent Pension Committee meeting.

Members Present: Alex Sommers, George Curry and Wayne Staschke. (3 of 5)

Excused: Robert Hartmann (*chair*) and David O'Connor.

Town Official(s): Joseph Mazza (*First Selectman*), Sheila Villano (*Finance Director*),  
 Present Mitch Goldblatt (*Human Resources Director*).

Others Present: Tom Bivona (*Consultant, Wells Fargo Advisors*), Sharon Milroy (*Board of Education Insurance Dept.*), Sue Gomez (*Recording Secretary*).

(8:12 AM – 9:26 AM) - [1:14]

Acting Chairman Alex Sommers called the meeting to order at 8:12 AM.

1. Public Forum.

None.

2. Approve minutes of:

2.1 November 18, 2010 Regular Meeting

**Upon a motion made by Mr. Curry and seconded by Mr. Staschke it was unanimously voted to approve the minutes of 11.18.10 as submitted.**

3. Approve Requests from Town of Guilford Employees, as follows:

3.1 Police

Matthew Griffin	Resigned	Return of Contribution
Michael Iadaresta	Terminated – Vested	Begin Benefits 2/1/11
Brian O'Neil	Terminated – Vested	Begin Benefits 2/1/11
Victor Duphily, Jr.	Retired	Begin Benefits 1/1/11

3.2 Town

Judith Miller	Terminated – Vested	Lump Sum Distribution 2/1/11
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Mr. Goldblatt explained that 3.1 & 3.2 were mostly for information. 3.2 left 10 years ago and is now of an age to collect benefits; the benefit is being recalculated by Milliman but is around \$150,000.

**Upon a motion made by Mr. Curry and seconded by Mr. Staschke it was unanimously voted to approve items 3.1 and 3.2. [3-0-0]**

4. Finance Director's Report:

4.1 Monthly Investment Report from the Finance Director (Nov)

Mrs. Villano reported that we had a small decrease in November of around 50 basis points (.56). Interesting to note was that Brandes which was down in Nov was up in Oct. and Wentworth which was down went up almost 2% in Nov. Wentworth is growth and value (Brandes) is trying to catch up. Brandes was 19.08 and went down to 12.67 and Wentworth was at 23.25 and went up to 25.30.

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\$696,000 lump sum was taken from the account: \$95,000/month are monthly amounts; that leaves \$500,000 down to \$350,000. Now that account will have very little. We anticipate needing \$700,000 for the next 5 months.

We should finish the calendar year at 9 ½ - 10%.

#### 4.2 Cost estimate and recommendation to request a new Actuarial Assumptions Report from Milliman.

Mrs. Villano spoke with Ken Friedman of Milliman and he suggested that it was “time to do another experiences report.” The cost will be around \$9-11,000. Mr. Friedman is preparing an engagement letter. Mrs. Villano said she explained about the status of raises and asked the committee if they should consider decreasing the interest rate assumption. This is the most powerful component and offsets the most. Valuations will be done next week and he will give a letter for the 2012 contribution. The committee gave Mrs. Villano the go ahead to order the experiences study.

Mr. Curry said he would want to look at the range of contributions; the assumed interest rate is the biggest problem for all. He asked what % amount Mr. Friedman will be using. Mrs. Villano said she would ask. The expected rates of return following our current guide lines will be smaller returns on bonds. We need to look at 5 ½, 6 and 7 and see. On bonds, they are only low coupon bonds that we collect and the rest is just slow growth. Mr. Curry queried “what if our returns are lower these next 5 years?” Mr. Goldblatt commented that the same discussion came up in Orange whether they should keep 8% or go to 7%. They felt that over the long-term they would be OK. Mrs. Villano thought that Mr. Friedman would recommend going down but that this board will not do because the liability will be staggering. Mr. Curry said that there is a collective hope that everything recovers quickly but we may not see and if we only get 5 ½ - 6% on funds there will be problems. Mr. Friedman will give us an “engagement letter.” Mr. Sommers added that we need to look at this; we need to have the range to see the impact. He asked Mrs. Villano to please proceed with Mr. Friedman.

#### 5. Presentation from Emerging Markets Manager [Glovista] (Tom Bivona present)

Tom Bivona did a quick recap of the Emerging Markets Manager report that had been presented previously. He referred to the charts titled “Total Risk Reward 3-year” and “5-year.” Of the 6 companies compared one really stands out: Glovista. They will speak on what they are doing to get these returns.

Mr. Bivona introduced Dennis Tracy, business department and client manager and Darshan Bhatt, co-portfolio manager and principal of the company.

Mr. Tracy began saying they would answer 4 questions for the committee:

- 1) Who they are.
- 2) What they do.
- 3) How – what process.
- 4) How have they done for clients.

Glovista is a registered investment company with offices in San Francisco and Miami and they work out of New Jersey. They manage \$200Million: 5 public funds in CT and several in TX and they hope to have the State of CT next year.

Mr. Darshan Bhatt said they have an 11-year track record and are GIPS compliant and verified every quarter. They are “top-down managers” and not stock pickers. They have length and breadth of background: Dr. Carlos Asilis ‘ background is detailed on page 22 of the company report. Mr. Bhatt and Dr. Asilis met when they were both at JP Morgan and they founded Glovista. Dr. Asilis does macro and Mr. Bhatt does the micro analysis and quantitative. His background is he is a CPA from India. They have a global macro approach with top-down management.

They do analysis of areas and business cycles in the US, Europe, Japan/China, Greece and India. They use an actively managed strategy of purely US instruments; each client’s money is held separately and the client has real-time access to data.  
[Andy Potochney arrives at 8:50 AM]

Mr. Bhatt detailed how Dr. Asilis chooses areas and how Mr. Bhatt analyzes the individual companies. He explained how they rebalance portfolios; their strategy has a large cap bias. They are a staff of 6 total: 3 in portfolio management – Dr. Asilis, Mr. Bhatt and Enrique Figueroa (CFA-CPA) who was with Merrill Lynch and PepsiCo in Mexico. He does sector research. They do not want individual stock analysts; their macro strategy is a top-down bias. They are 100% minority owned: Dr. Carlos Asilis is from Latin America and Mr. Darshan Bhatt is from Asia. They trade in emerging markets in 20 countries in 10 sectors and 1300 or so stocks. Countries: Brazil & Mexico, Russia, Turkey, So. Africa, Korea, Taiwan, China, India, Malaysia and Thailand. The rest are small. The ETF's are the most liquid such as I-shares, Vanick, Vanguard. In 2008, they used cash as a strategic market going to 15-20% cash. He felt that over the next 10-15 years the developed world will grow at a modest pace and that emerging markets will grow 3 to 4 times the rate. Over a shorter period, 1-2 years, the developed world is seeing an up-tick. They are getting better numbers out of the US. Globally, growth is improving and should last a couple of quarters. On the short-term, some amount of correction will be technically driven. [9:05 AM]

Mr. Bivona looked at their portfolios; 14% and in other towns they were up more than that. Mr. Bivona was very confident in them. They will be managing \$300M soon and then they will go into the Wells-Fargo Masters program. There was concern that with only 6 people that they were large enough to take us on. Mr. Bivona thought it was more important as to who was making the decisions. Mr. Bivona said he would find out how much in new assets they have had over the year. Their performance is extremely good and certified. The cumulative performance of the numbers could be just the investment growing. The committee would like to know how much is new money.

Mr. Sommers said they would not take any action today. Mr. Bivona will get the flow of new money and continue the validation process. Mrs. Villano will get this information to Bob Hartmann and David O'Connor and we will put this on the January agenda. Mr. Staschke commented that in 2008 they had fewer than 5 clients, then it exploded. Topic for next month.

6. Old Business:

6.1 Status of Appointment of Trustee: Report of meeting between Town Counsel Dorney and George Curry

Mrs. Villano distributed copies of the Trustee Agreement: black line and clean version. They removed the Pension Committee and added named trustees. Page 5 addresses gross negligence – this protects them more as trustees. Mr. Curry spoke with Town Counsel Mike Dorney and went through the document. He is convinced that Mr. Dorney and his colleague in Virginia have a good feeling for the document. They discussed gross negligence. For example, say they used a small emerging markets manager and something happened. They did due diligence and it would have to be “gross” negligence to be an issue. This new document provides the Trustees with broader powers. They made small adjustments to the language and removed all the old boilerplate language and Mr. Curry feels much more comfortable with the agreement now. He understands better how it will all work together. No action is required of the Pension Committee except to read it carefully. Mr. Hartmann will be a trustee and wanted to be here. They are planning March 1st as an effective date. The committee will talk about this again in January. Mrs. Villano will bring it to the first BOS meeting in February. Mr. Mazza thanked Mrs. Villano and Mr. Curry for their work on the trustee agreement.

7. New Business:

7.1 Approval of Meeting Schedule for 2011.

There was discussion of who would be available for the Jan. and Feb. Meeting dates. The secretary will poll the members and set another date for the January Meeting; most likely, Wed. Jan. 19th.

***Upon a motion by Mr. Staschke and seconded by Mr. Curry it was unanimously voted to approve the schedule as presented and adjust as needed.***

Any changes to the schedule will be posted as Special Meetings.

Adjourn Regular Meeting

There being no further business and upon a motion made by Mr. Curry and seconded by Mr. Staschke it was then unanimously voted to adjourn the meeting at approximately 9:26 AM – [1:14].

Respectfully submitted,

Susan Gomez  
Dec. 22, 2010

**THE NEXT REGULAR MEETING IS SCHEDULED FOR:**

WILL BE ANNOUNCED (probably Jan. 19, 2011)

with the [Defined Benefits Plan Committee Meeting](#) *Immediately following.*

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*~ Draft ~* MINUTES

**Guilford Pension Committee – Defined Benefits Plan Sub-Committee  
Regular Meeting # 5 – December 16, 2010**  
Guilford Town Hall, 31 Park Street  
Selectmen’s Conference Room, following Pension Committee Meeting

**Note:** These are strictly Draft Minutes and are not final until approved at a subsequent Pension Committee meeting.

Members Present: George Curry (chair), Mitch Goldblatt, Wayne Staschke, Andy Potochney and Sheila Villano.

Excused: David O’Connor

Town Official(s): Joseph Mazza (*First Selectman*)

Others Present: Sue Gomez (*Recording Secretary*).

(9:27 AM – 10:10 AM) - [0:43]

Chairman George Curry called the meeting of the Defined Benefits Plan Sub-Committee to order at 9:27 AM.

1. Public Forum  
None.

2. Approve minutes of:  
2.1 Nov. 18, 2010 Regular Meeting

**Upon a motion made by Mr. Goldblatt and seconded by Mr. Staschke it was unanimously voted to approve the minutes of 11.18.10 as presented.** [Mr. Potochney abstained]

3. New Business  
3.1 Approval of Meeting Schedule for 2011

**Upon a motion by Mr. Goldblatt and seconded by Mr. Staschke it was unanimously voted to change the Jan 20 meeting to Jan. 19, 2011 and to leave the rest of the schedule as presented.**

**(Executive Session)**

4. Recommendations for changes in the Town Pension Plan.

**Upon a motion by Mr. Goldblatt and seconded by Mr. Staschke it was unanimously voted to go into Executive Session. First Selectman Mazza was invited to remain if he wished. The Executive Session began at approximately 9:31 AM.**

**The Executive Session ended and upon a motion by Mr. Goldblatt and seconded by Mr. Staschke it was unanimously voted to adjourn the meeting at approximately 10:10 AM.**

Respectfully submitted,

Susan Gomez  
Dec. 22, 2010

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