

**PENSION COMMITTEE  
MEETING #292 MINUTES  
THURSDAY, AUGUST 18, 2011  
8:05 A.M. GUILFORD TOWN HALL**

Present: Robert Hartmann (Chair), Alex Sommers, Wayne Staschke, David O'Connor, and George Curry

Town Officials: Joseph Mazza, First Selectman  
Sheila Villano, Finance Director/Plan Administrator  
Mitch Goldblatt, Human Resources Director

Others: Joseph Bivona, Investment Advisor  
Andrew Potochney, BOE Plan Administrator  
Doris Berger, Clerk  
Officer Martina Jakober

Chairman Robert Hartman called the meeting to order at 8:05 A.M.

**1. Public Forum**

None

**2. Approve minutes of:**

**2.1 July 21, 2011 Regular Meeting**

Mr. Sommers asked members to change a word in the minutes of July 21, 2011, on Page 3, paragraph 4. **(Section 5.3)** Change: They **(compliment)** each other to: They **(complement)** each other. Upon a motion made by Mr. Hartmann and seconded by Mr. Staschke, the minutes of the meeting on July 21, 2011 were unanimously approved with the change.

Mr. Goldblatt asked the Committee to please add to the agenda under New Business a request by Martina Jakober for pension credited service.

**Upon a motion made by Mr. Sommers and seconded by Mr. Curry, the Committee voted unanimously to add Ms. Jakober's request to the agenda under Section 6.0, New Business.**

**3. Town of BOE new additions, deletions, requests for pension benefits:**

**3.1 ADDITIONS:**

Karen Anderson, ParaEducator, Guilford Lakes Elementary School  
Date of Full-Time Hire: 9-1-11  
Salary: \$18,622.50

Mary Ann Connelly, Nurse, Guilford High School  
Date of Full-Time Hire: 8-29-11  
Salary: \$36,486.45

Carole Pimenta, ParaEducator, Guilford Lakes Elementary School  
Date of Full-Time Hire: 9-1-11  
Salary: \$18,622.50

Ivett Santino, ParaEducator, Calvin Leete Elementary School  
Date of Full-Time Hire: 9-1-11  
Salary: \$18,622.50

**3.2 REMOVE and CALCULATE PENSION BENEFITS:**

Cecile Bateman, Clerical, Guilford High School  
Date of Hire: 8-26-91  
Date of Termination: 8-31-11  
Salary: \$40,997.88  
Reason: Retired  
VESTED

Betty Bonus-Mannes, Nurse, Guilford High School  
Date of Hire: 8-28-01  
Date of Termination: 8-31-11  
Salary: \$38,438.40  
Reason: Retired  
VESTED

Evelyn DeRosa, Building Secretary, Melissa Jones Elementary School  
Date of Full Time Hire: 2-14-94  
Date of Termination: 8-31-11  
Salary: \$33,078.57  
Reason: Retired  
VESTED

Dianne Hallaway, ParaEducator, Melissa Jones Elementary School  
Date of Hire: 9-2-99  
Date of Termination: 5-26-11  
Salary: \$20,295.66  
Reason: Retired  
VESTED

Kristin Howard, ParaEducator, Guilford Lakes Elementary School  
Date of Full Time Hire: 9-12-05  
Date of Termination: 8-31-11  
Salary: \$18,622.50  
Reason: Retired  
VESTED

Sharon Levesh, ParaEducator, Melissa Jones Elementary School  
Date of Hire: 8-29-90  
Date of Termination: 8-31-11  
Salary: \$22,862.70  
Reason: Retired  
VESTED

### **3.3 POSITION CHANGE:**

Sarah Cooper, Building Secretary, Melissa Jones Elementary School  
Date of Hire: 8-31-06  
Date of Position Change: 9-1-11  
Reason: Changed from an Office ParaEducator to a Building Secretary  
NOT VESTED

**Upon a motion made by Mr. Sommers and seconded by Mr. Staschke it was unanimously voted to approve items 3.1, 3.2 and 3.3 as submitted.**

## **4. Finance Director's Report:**

### **4.1 Monthly Investment Report from Finance Director (July, 2011)**

Ms. Villano spoke with members about the July, 2011 investment performance. At the end of July, the portfolio was down -.12%.

Mr. Sommers asked Mr. Bivona "where are we now?" Mr. Bivona stated as of last night (8/17/11), the portfolio was down about \$1.0 million.

Mr. Bivona went on to update the Committee on his prior month's suggestion of rebalancing of cash to capture some additional investment earnings by investing in Treasury Notes or other liquid fixed income products. This may not be possible now under the current market conditions. The 30-year Treasury Bond went from 4.25% to 3.6%; the 10 year is now under 2.1%; and short-term Treasury Notes are much less.

What Hillswick predicated would happen in the Fall, as far as a decline in interest rates, has already happened. Investors are uncertain about global market conditions and have fled to safe investments.

Mr. Bivona advised that we stay in cash for the present time, and consider reallocating into equities in the Fall if conditions improve. He added that the market may test 10,800-11,000 because of volatility in Europe. Once we meet with the managers in August, we can decide whether to reallocate fund from cash and fixed income to equities.

Alex wondered if meeting with the managers would be meaningful since their strategy may be defensive at this time.

Mr. Bivona thought we would get valuable information from Wentworth Hauser. Also, Anchor will explain their conservative position which resulted in a less than stellar investment performance.

Mr. Curry expressed his concern that perhaps we should be defensive and conservative, similar to Anchor's position. His opinion is that it's not just Europe as far as macro concerns. There are problems in the U.S. too. It's setting up to be a choppy Fall. It's probably better to be more defensive than to get stuck in a "hornets nest".

Mr. Bivona stated that Wells Fargo thinks the S&P will rise to 1250-1300. If Europe fixes their issues, the markets will rally.

Mr. Stashke asked Mr. Bivona what is his logic for being so bullish?

Mr. Bivona replied that earnings are coming in positive, costs are slashed, historical data shows P/E on Dow could be 22-23 based on where interest rates are now. Interest rates are always competing with the market. Dow stocks have a better yield than the 10-year bond. Retirees have to take risk; they can't afford to invest in a 2% bond. Money will flow where it's treated best. Also, we need 7%-8% return on investment – we have to be in the stock market.

Mr. Curry stated that he doesn't see how we can hit our investment return targets – there's practically no return on fixed income, and modest returns on equities.

Mr. Bivona said the market will eventually get back to 11% mean returns.

Mr. Mazza added that all of this makes defined benefit plans more expensive, which proves we are going in the right direction with a defined contribution plan

## **5. Old Business:**

### **5.1 Distribution of 2011 Actuarial Experience Study**

Mrs. Villano reminded the Committee that the Study had already been reviewed with Ken Friedman; this was just the final copy.

### **5.2 Update on Defined Contribution Plan**

Mr. Goldblatt informed the Committee that a Public Meeting was held on 8/15/11 for the Defined Contribution Plan (DC), and that the Board of Selectman subsequently approved the resolution at their 8/15/11 meeting. The Town pension plan ordinance was amended to allow for a defined contribution plan. Currently, the GSA is the only contract with the DC option, for new employees only. Presuming there are no challenges or objections to the Public Hearing in the next 30 days, Mr. Goldblatt will go back to the Board of Selectman with new ICMA paperwork; ICMA will be appointed as Plan Administrator.

Mr. Mazza discussed with members a few objections he had on the Defined Contribution Plan. Mr. Mazza said he stressed at the Public Hearing that the Defined Benefit Plan is not in trouble. Retirees have always and will continue to receive their monthly benefits.

However, Mr. Curry and Mr. Mazza both agreed that just by doing the math, the Defined Benefit Plan can't be sustained indefinitely, without considerable financial stress.

## **6. New Business:**

Mr. Goldblatt discussed with members a letter from Officer Martina Jakober, dated July 27, 2011, regarding her request for pension credited service (Guilford Police Retirement Fund), for her service as an Arizona Post Certified Police Officer from October 7, 1999 through July 7, 2003. Mr. Goldblatt said that based on the documentation provided by Officer Jakober, he believes that she qualifies for this credited service, pursuant to the requirements of Section 3.6 of the Police Retirement Fund.

Mr. Sommers asked Officer Jakober what the nature of her work in Tucson was.

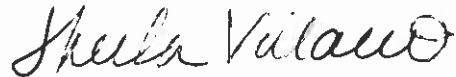
Officer Jakober responded that she was a certified officer on the road – consistent to her position in Guilford.

**Upon a motion made by Mr. Sommers to extend Officer Jakober's Police Retirement Fund Credited Service to 3 years and 9 months and seconded by Mr. Staschke, the Committee voted unanimously to accept motion.**

It was noted that at the September meeting Mr. Joe Bivona will not be attending. In his place will be Mr. Tom Bivona.

Upon a motion made by Mr. Sommers and seconded by Mr. Curry the Committee voted unanimously to adjourn the meeting at approximately 9:09 a.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Sheila Villano". The signature is written in black ink and includes a small circular mark at the end.

Sheila Villano  
Finance Director/Plan Administrator