

Minutes of the Joint Special Meeting

Town and Police Pension Boards

October 21, 2014

Room 206 4:00 PM

CALL TO ORDER

The meeting was called to order by Kelly Galvin 4:00 pm. Attendance was as follows:

- For the Town Board: Kelly Galvin (chair), Bruce Sargent, Jack Whitehead, Tony Yezzi, Jon Zagrodzky.
- For the Police Board: Kim Huffard, Paul Johnson, Jon Zagrodzky. Absent: Lt. Ray Osborne (chair), Tom Joyce
- Others: Kate Buch, Director of Finance

INVESTMENT MANAGEMENT REPORT

Bob Maurer joined the meeting, with Duilio Ramallo and John Forelli participating by phone, to provide an overview of recent investment performance. Highlights included:

- The investment team remains largely the same except for the addition of a new analyst, Paul Donovan from Sanford Bernstein.
- Bruce Sargent asked about the transition to ownership by Orix. Mr. Ramallo reported that it had been smooth, with no changes or turnover. One Orix employee has been involved but so far has taken a hands-off approach.
- Total fund performance for the year ending June 30, 2014 was:
 - Town: 17.22% (gross), 16.76% net
 - Police: 17.12% (gross), 16.67% net
- Bruce Sargent asked why the Russell 3000 5-year ROE of 7.3% was so much lower than for the S&P. Mr. Ramallo responded that small cap stocks, which comprise much of the Russell 3000, have underperformed.
- There have been only small changes to the top ten holdings; finance/healthcare and technology still constitute about 60% of the portfolio.
- The portfolio is slightly over-weighted in large/mid-cap stocks

Bob Maurer is retiring at the end of 2014, so this was his final meeting with the Darien Boards. Everyone expressed thanks for his work over the years and wished him all the best.

DISCUSS RESULTS OF BUCK CONSULTANTS REPORT CHANGING ACTUARIAL ASSUMPTIONS

Tony Yezzi and Jon Zagrodzky reviewed the Buck report and recommendations, which are provided along with these minutes as a separate attachment. This work covered a review of assumptions in the following areas: interest rates, salary scale, mortality tables, retirement rates, asset values and the marriage assumption. Two interest rate scenarios were assumed: 6.5% and 7.0%.

Mr. Yezzi and Mr. Zagrodzky spent time explaining each area of research and the resulting financial impact, which was defined as the dollar increase/decrease in the valuation results for the year ended June 30, 2013. The table on Page 3 of the report provides details.

Mr. Zagrodzky indicated that he would review these preliminary findings with the Board of Finance later that evening. There will be additional follow-up with Buck, and a final recommendation to the Board of Finance will be determined in January.

DISCUSS AND TAKE ACTION ON RETIREMENT APPLICATIONS

Retirement applications were reviewed, which had been checked by Mr. Yezzi (Town) and Mr. Zagrodzky (Police). Bruce Sargent moved approval of the Town applications; passed unanimously. Jon Zagrodzky moved approval of the Police applications; passed unanimously.

Mr. Yezzi indicated that there were still some errors in the applications he reviewed, mainly in the Darien School employee applications. It was suggested that Mr. Mike Feeney, director of finance for the Darien Schools, be contacted about this.

APPROVAL OF 2015 MEETING DATES

The following dates were proposed: January 20 (January 27 snow date), April 21, July 21 and October 20. Tony Yezzi moved approval for the Town Board; Jon Zagrodzky moved for the Police Board; passed unanimously.

APPROVAL OF MINUTES

The July 15, 2014 minutes were reviewed. Jon Zagrodzky moved approval for the Police Board; Bruce Sargent moved for the Town Board; passed unanimously.

ADJOURNMENT

There being no further business, Paul Johnson and Jon Zagrodzky moved to adjourn the Police and Town Boards respectively; passed at 5:02 pm.

Respectfully submitted: Jon Zagrodzky, Clerk