

**RIDGEFIELD PENSION COMMISSION**  
Minutes of Special Meeting of November 16, 2010

**MEMBERS PRESENT:**

Aaronson, Campbell, Christiansen, Seibert, Walsh, Whelan

**MEMBERS ABSENT:** Stoveken

**GUESTS:** Dave Leonard of T.R. Paul, Actuary to the Plans

First Selectman Marconi; Director of Finance Redmond,  
Board of Finance members Bornstein and Ulmer.

The meeting commenced at 8:00 p.m.

**ANNUAL PLAN REPORT.** As the actuary to the Plans, Dave Leonard presented the Annual Valuation and Consulting Report for the fiscal year ending June 30, 2010. Highlights of his review, discussion by Commissioners and guests, and subsequent analysis follow:

1) **RECOMMENDED CONTRIBUTION.** During FY 2009-10 the actuary recommended an estimated contribution of \$1,700,000 for the **Town** and \$1,600,000 was funded. The actual valuation calculation resulted in a minimum contribution of \$1,712,807. For the 2010-11 budget, the contribution recommended is \$1,750,000, reflecting the total of estimated minimum contributions from the Plans plus an anticipated 4% salary increase (a practice consistent with previous years).

During the FY 2009-10 the actuary recommended an estimated contribution of \$930,000 for the **Board of Education**, and \$930,000 was funded. The actual valuation calculation resulted in a minimum contribution of \$938,291. For the 2010-11 budget, the contribution recommended is \$960,000.

2) **PAYROLL.** Total applicable compensation rose from \$18.22 million to \$18.39 million, a 0.95% increase. The average compensation per active employee rose 2.77%.

3) **INVESTMENTS.** The Trust assets rose 17.01% on a market basis and this return was applied to the accounts of the participants in the Money Purchase Plan. Comparable index benchmarks for the year ending June 30, 2010 were 14.43% for the S&P 500, 5.93% for the EAFE International, 9.65% for the Lehman Govt/Corp, 5.39% for the Citigroup World Govt., and 0.13% for Treasury Bills. Performance was enhanced by a final settlement with State Street, and recent alternative investment exposure. On an actuarially five-year smoothed book market basis, the investment return was 5.2%.

As of June 30, 2010, the asset allocation within the trust assets was 39% in domestic equities, 16% in international equities, 20% in domestic fixed income, 7% in international fixed income, 12% in alternative investments and 6% in cash equivalents. The bulk of the assets are invested in no-load mutual funds at the Vanguard Group.

4) **PLAN HEALTH.** This year, the plans benefited from the financial effects of reduced personnel, modest salary increases and good investment performance. Consequently the actuarial losses experienced during the last two years have been reduced to approximately

to \$4 million, and a 15% rate of return this coming year, if achieved, would erase the losses entirely.

According to an important corporate funding metric, the AFTAP (adjusted funding target attainment percentage), the Town's consolidated plan carries a 93.1% funding level (what we have vs. what we should have). According to the measures used by the town's auditors, the funding ratio of the Town's plans is in the 84-86% level, not considered great but it is getting better, and it is better than many others.

5) EXPENSES. Plan actuarial, administrative and investment expenses totaled \$77,910 or approximately 14 basis points of the Trust's ending market value.

6) BENEFITS. Total annual monthly retirement benefits in the amount of \$1,723,173 were distributed to 179 retirees and beneficiaries, as well as supplemental benefits of \$57 to one retiree, and return of employee contributions (with interest) equal to \$47,858. Combined employer and employee yearly contributions approximate \$3.12 million while benefit payments are currently running at a \$1.8 million rate. Forty-one employees are still working beyond normal retirement age and represent a yearly liability of \$1.16 million; 51 employees who will be able to retire in the next five years approximate an additional liability of \$1.2 million per year. These continue to be metrics of a maturing plan.

7) PLAN ASSUMPTIONS. No changes: 2008 Mortality tables, 4% salary, and 7% interest.

\*\*\*\*Mr. Aaronson made the motion, seconded by Mr. Walsh, of accepting the Annual Pension Report, which passed unanimously.

### **OTHER BUSINESS**

DISTRIBUTION OF ANNUAL REPORTS. The Chairman will forward copies of the Annual Report to Commissioners and the various agencies concerned.

OPEB ACCOUNT. As of October 31, 2010, the market value of the OPEB (Other Post Employment Benefits) account was \$597,000 of which 59% was allocated to an active investment grade corporate bond fund, 28% to a Russell 3000 stock index fund, and 13% to an international stock index fund.

INVESTMENTS. As of October 31, 2010, the market value of the Trust assets approximated \$64 million, up about 12% for the fiscal year beginning July 1. The asset allocation within the trust assets was 38% in domestic equities, 17% in international equities, 22% in domestic fixed income, 7% in international fixed income, 14% in alternative investments and 2% in cash equivalents

Commissioners reviewed the current portfolio, and took no action. The quarterly investment review with Vanguard is scheduled for noon on November 18. The Chairman will forward the Annual Actuarial Report to Vanguard, for its review and ultimate asset allocation recommendation at the quarterly meeting in January.

The next Commission meeting will be held at 8:00 p.m. on Monday, December 20, 2010 in the Small Conference Room in Town Hall.

Respectfully,  
Dave Campbell, Chairman