

**Town of Newtown  
Pension Committee Meeting  
March 15, 2018 7:30pm  
Municipal Center, 3 Primrose Street, Room 1**

**THE FOLLOWING MINUTES ARE SUBJECT TO APPROVAL BY THE PENSION COMMITTEE.**

**1. Meeting called to order by Ellen Whalen at 7:30pm.**

Committee Members in attendance: Sam Broomer, Patrick Burke, Charles Farfaglia, Guy Howard, Scott Schwartz, Paula Wickman, Ellen Whalen.

**2. Fiduciary Investment Advisors (FIA)**

Devon Francis and Chris Rowlin from FIA discussed the Newtown Relationship, Portfolio Considerations and Asset Allocations in response to Investment Committee questions recently proposed. D. Francis reviewed the current Pension and OPEB Trust portfolio allocations as of March 2018 noting that the PC might consider minor adjustments to asset allocations. The Investment Committee had asked FIA for input re restructuring the portfolios. FIA proposed: 1. Introducing active fixed income managers, 2. maintaining passive exposure in the large cap domestic equity space, 3. Introducing active managers in the small cap equity space, 4. Introducing active management and dedicated emerging markets exposure in the international equity space, and 5. Introducing diversifying real (real estate and natural resources/commodities) asset managers. FIA also noted they felt Newtown Discount Rate Assumption of 7% appropriate. Discussion followed re current Bronzo Group Bond Fund – liquidating bonds and reallocation of funds. E Whalen asked if investment reallocations could be completed by 6/30. FIA agreed it is possible. Investment Committee will review FIA meeting materials and put together additional questions and a request for recommended reallocations from FIA prior to April PC Meeting. Also, Pension Trust Cash Flows were discussed – sufficient funds for quarterly benefit/expense payments are maintained and approved by Bob Tait, Finance Director.

**3. Minutes**

Motion by Patrick Burke, seconded by Guy Howard to approve Minutes of the February 15, 2018 Meeting. All in favor.

**4. Correspondence**

None

**5. Retirement/Expense Payment Approval**

Retirement: Kathryn Sheehan-Giannelli – Return of Contributions a/o 4/1/18. Motion to approve by Scott Schwartz, Seconded by Paula Wickman. All in Favor

Expenses: TR Paul Inc.

Town Pension Plan – Inv. 37482, Second Half Administration Fee PYE 6/30/17, Calculations -Three Retirements, Three Refunds, Less GASB 67/68 Fee for PYE 6/30/17. Police Plan – Inv. 37481, Second Half Administration Fee PYE 6/30/17, Less GASB 67/68 Fee for PYE 6/30/17. Motion to approve by Charles Farfaglia, Seconded by Sam Broomer. All in favor.

**6. Old Business**

DROP Update - Ellen Whalen updated Committee on progress of the Police DROP. DROP contributions will be credited to the Pension Trust. TR Paul will account for individual employee contributions, allocate income to participant accounts and prepare Employee Statements. Next steps: BOS Resolution to approve use of Pension Trust for Funds (for 4/2/18 meeting), update of Police Pension Plan and Pension Trust Agreement by George Kasper Pullman & Comley. Tentatively, three members of Police Plan will elect to participate in DROP a/o July 1<sup>st</sup>.

Pension Committee Guideline Update – Await comment from Charles Farfaglia and Paula Wickman on current Draft. Anticipate final copy prior to 6/30. PC Guidelines, when finalized, will be presented to new Committee Members.

Committee Reappointments – All PC Members have been sworn in.

**7. New Business**

Wells Fargo Trust Reports – February 28, 2018 Market Value: Pension \$43.1; OPEB \$2.4.

PC discussed CT State Treasurer's notification to BOS re State Banking Commissioners ruling that Wells Fargo, with out of state headquarters, received a Community Reinvestment Act (CRA) rating of "Needs to Improve". Per CT Statue 36a-33 no bank with such a rating can receive public deposits. FIA provided Bob Tait, Finance Director, and Pension Committee with Opinion Letter from Bruce Barth of Robinson + Cole that provisions of CT Statues 36a-33 do not apply to FIA client Trust funds. George Kasper, Pullman & Comley, has advised PC the firm is doing further review re "Needs to Improve" rating and the applicability of CT Statue 36a-33 to Newtown Trust Funds and the possible need to move Trust funds to a financial institution with a higher CRA rating. Ellen Whalen noted she felt PC

should be guided by Opinion Letter from Newtown Counsel Pullman & Comley. PC Member Scott Schwartz mentioned he felt PC should consider the ethical side of this matter with Wells Fargo given other problems the Bank has recently faced and perhaps consider a new Custodian. A number of other PC Members thought this was a matter of Note. Further discussion will follow at the April PC meeting. E. Whalen will notify Bob Tait, FIA and G. Kasper of PC WF concerns.

**8. Voter Comment**

None

**9. Date of Next Meeting: April 19, 2018**

**Town Hall South, 3 Main Street, Lower Meeting Room.**

**10. Adjournment**

With no further business, Patrick Burke motioned to adjourn meeting, Guy Howard seconded, all in favor. Meeting adjourned at 8:41pm.

Respectfully submitted,  
Ellen Whalen, Pension Committee Chair