

**Town of Newtown  
Pension Committee Meeting Minutes  
May 15, 2017, 7:30pm  
Town Hall South, 3 Main Street, Lower Meeting Room**

*Revision*

**1. Meeting called to order by Ellen Whalen at 7:27pm.**

Committee Members in attendance: Patrick Burke, Mark Korotash, Scott Schwartz, Paula Wickman and Ellen Whalen.  
Absent: Joseph DeCandido, Charles Farfaglia. Also present: Devon Francis, Fiduciary Investment Advisors (FIA).

**2. Fiduciary Investment Advisors – Pension/OPEB Performance Review First Quarter 2017**

Devon Francis of FIA provided a Performance Summary as of March 31, 2017 for both the Pension and OPEB Trusts.

The Pension portfolio produced a return of 4.6% for the first quarter 2017. The one year return of the portfolio is 10.7%, the three-year annualized return is 4.5%, the five-year annualized return is 5.8% and the ten-year annualized return is 5.0%. The OPEB portfolio has produced similar results: 4.5% for the first quarter 2017, 9.8% on a one-year basis, 4.3% on a three-year annualized basis, and 5.8% on a five-year annualized basis. The OPEB Trust has not been in existence for ten years, and therefore does not have a ten year history. Both the Pension and OPEB portfolios have outperformed the blended benchmark on a one-year basis, but have underperformed the benchmark on a longer-term basis.

The Pension Trust ended the quarter with an asset value of approx. \$38.9 million, and the OPEB Trust ended the quarter with an asset value of \$2.0 million. The overall target allocation of both Plans is 40% fixed income, 42% domestic equity, and 18% international equity. The Pension Trust is essentially in line with its target allocation, while the OPEB Trust is underweight fixed income and overweight both domestic and international equities.

Both Pension and OPEB portfolios are comprised of six underlying investment funds/strategies:

- Wells Fargo Government Money Market Fund (Money Market)
- Wells Fargo Managed Fixed Income Portfolio (Fixed Income)
- Vanguard Total Bond Market Index Fund (Fixed Income)
- Vanguard 500 Index Fund (Large Cap Domestic Equity)
- Vanguard Extended Market Index Fund (Small/Mid Cap Domestic Equity)
- Vanguard Developed Markets Index Fund (International Equity)

The Wells Fargo Managed Fixed Income Portfolio is a separately managed fixed income account that is managed by a team of Wells Fargo Advisors. The account holds the bonds that were previously purchased by Westport Resources, and the Wells Fargo team is monitoring the bonds. As bonds mature, the assets are being swept into the Vanguard Total Bond Market Fund. All Vanguard Funds with the Pension and OPEB Trust portfolio are passive funds, meaning their sole purpose is to replicate a certain index. These Funds provide broad market exposure at a very low cost, but are not designed to generate alpha.

Devon discussed the asset allocations. She asked if there might be interest in generating a cash flow worksheet to rebalance the portfolio. Patrick Burke stated the Committee will think about it.

The April Flash Report was highlighted. The Pension portfolio was up 1.2% for the month with a year to date performance of 5.8%. The OPEB portfolio is similar - 1.2% for month end and up 5.7% year to date. If the year continues as it has been, the Trusts will have no problem meeting the 7.5% return objective but Devon would not be surprised with some volatility.

The next Performance Review will be June 30<sup>th</sup>- Trust Year End.

**3. Approval – Minutes of April 20, 2017 Meeting.**

Motion by Scott Schwartz, seconded by Mark Korotash to approve the Minutes of the April 20<sup>th</sup> meeting. All in favor.

**4. Correspondence**

None

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5. **Discussion/Approval**

**Retirements** - None

**Expenses** - Motion by Scott Schwartz, seconded by Patrick Burke to approve Wells Fargo Custody Fee for the period 1/1/17-3/31/17 in the amount of \$4,009.36. All in favor.

Well Fargo Investment Advisors will change their billing process to follow Committee Expense Procedure, effective 7/1/17.

6. **Old Business**

FIA Client Conference, June 23<sup>rd</sup>, Patrick Burke and Ellen Whalen will attend. Hooker and Holcombe, OPEB Actuary, meeting October 16<sup>th</sup> confirmed. FIA Plan Year Trust Performance Review meeting September 18<sup>th</sup> confirmed. This meeting will be a joint meeting with Board of Selectmen.

7. **New Business**

Wells Fargo April Reports discussed by Devon Francis. See Performance comments.

Ellen Whalen provided Committee Members with a copy of the Town of Newtown 6/30/16 YE Financial Report. Report details Pension/OPEB financial information along with Plan Summaries. Patrick Burke noted Annual Report is a very interesting document to read.

Ellen Whalen advised PC Members the Legislative Council Ordinance Committee has drafted an Ordinance for the Pension Committee. Mary Ann Jacob, LC Chair has reviewed and suggests Pension Ordinance incorporates OPEB Committee language. E. Whalen will follow up with Ordinance Committee to request Pension Committee Members have input before Ordinance is finalized.

A review of the Pension/OPEB Trust Agreements by Legal Counsel will move forward. FIA has provided names of two legal firms they feel have strong municipal employee benefit backgrounds. Each firm will be contacted in addition to a third firm. A review and cost analysis will be initiated. An update will be provided at June Meeting.

Pension Committee has suggested to Robert Tait, Finance Director, an Audit be done of Pension and OPEB Trusts for Plan Year End 6/30/16. Mr. Tait agrees and suggested E. Whalen contact MahoneySabol, Town Auditors to discuss.

Effective July 1<sup>st</sup> new procedures for approval of Plan Retirements and Plan Expenses will be begin.

The new Pension and OPEB Committee Guideline is being restructured and final copy targeted for June Meeting.

8. **Voter Comment**

No Voters Present

9. **Confirm Date of Next Meeting: June 19, 2017**

10. **Adjournment**

With no further business, motion was made by Scott Schwartz to adjourn meeting at 8:46pm, seconded by Mark Korotash, All in Favor.

Respectfully submitted,

Ellen Whalen  
For Patrice Fahey

Revision Dated: June 9, 2017