

Town of Coventry Pension Committee
 Minutes of the Regular Meeting
 January 25, 2017
 7:00 PM – Town Hall, Conference Room B

The meeting was called to order at 7:00pm with the following members in attendance; Robert Murzyn, Paul Jatkowski, Ben Emanuele and Cara Revett. Also attending, Beth Bauer, Finance Director and John O’Connor, Investment Advisor.

Approval of Minutes: Mr. Jatkowski moved to approve the minutes of the October 26, 2016 meeting. Mr. Emanuele seconded. All voted in favor.

Review of Current Holdings: Mr. O’Connor reviewed the equity investment. He noted that the transfer of our account from Schwab to TD Ameritrade was completed in the last quarter and anticipates a saving in fees. The market has rallied since the election, in particular the small cap and value stocks that our portfolio leans towards. The equity holdings have a FY to date return of 9.91%. The general consensus of people he speaks with in the financial sector is that things are not so bad. There is an expectation that there will be a roll back of regulations, and he expects the stock market to respond positively. He commented that there was a .25 increase in interest rates and there is an expectation of at least one more hike in 2017. There is an expectation of more profit in the banking/financial industry. The dollar strengthened last quarter, but is still volatile. The President has announced his desire for a weaker dollar. Our portfolio shows positive returns in all but the real estate sector. This is to be expected as real estate was a strong performer in previous quarters. There is a degree of non-correlation in the portfolio which is a positive indicator of diversity. He noted that the fixed to equity ratio has increased to 63/37 and suggested that it would make sense to pull funds from the equity holdings into the fixed investments.

There being no further questions, Mr. O’Connor was excused from the meeting.

The committee reviewed the balance of the holdings. Total assets as of 12/31/16 are shown in the table below:

Pension Assets	12/31/2016	
Contract	Balance	Distribution
86988A - Fixed Town	5,074,213.55	36.64%
TD Banknorth	9,556.69	0.07%
3D Asset Management	8,765,385.64	63.29%
Due to GF	2.07	
Total	13,849,157.95	
YTD		
Beginning Balance	12,893,927.84	6/30/16
Employer	617,847.00	
Employee	133,024.33	
Earnings	894,866.35	
Distributions		
Benefit	663,219.72	
Fees	25,962.85	
Expenses	1,325.00	

As of 12/31/16 the balance between equity to fixed is 63/37 which differs with the investment target of 60/40. The committee discussed moving funds from equity to fixed to bring the ratio into balance. Ms. Revett **moved that \$456,000 be transferred from Td Ameritrade to MetLife.** Mr. Jatkowski 2nd. All voted in favor.

The committee reviewed the last quarter transactions and accepted by consensus.

Retirement review:

The following retirement calculations were reviewed.

Retirement Approvals - 1/27/17								
Name	Hire Date	Benefit Effective	Straight Life	10 yrs Certain	50% Joint and Survivor	75% Joint and Survivor	100% Joint and Survivor	Lump Sum
Colleen Lozier	7/21/2003	7/1/2022	627.21	588.09	n/a	n/a	n/a	n/a
Elizabeth Bauer	9/29/2003	4/1/2017	1,375.62	1,289.82	1273/636.50	1227.22/940.42	1184.62	n/a

Pension valuation assumptions:

The committee reviewed the plan assumptions and discussed a change to the rate of return from the current level of 7.5% to 7.25%. The committee did see a compelling reason to change, although the general industry standard is moving to a lower assumptions on rate of return, 7.5% is the most common assumption. The committee would like to revisit this discussion next year.

Annual contribution recommendation:

The pension valuation has not yet been completed by the plan actuary, Hooker and Holcombe, but the actuarially determined employer contribution (ADEC) was calculated at \$586,208. This compares to the amount in FY 2016-17 of \$617,847. Mr. Jatkowski **moved recommend to the Town Council a contribution for FY 2017-18 of \$586,208 as shown on exhibit E.** Mr. Emanuele 2nd. All voted in favor.

Other Business:

No other business was presented.

Ms. Revett **moved to adjourn at 9:00 pm.** Mr. Emanuele 2nd. All voted in favor.

Respectfully Submitted,

Beth Bauer