



# TOWN OF VERNON

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## **Pension Board**

### **Town of Vernon, Connecticut Pension Board Meeting Minutes May 26, 2016 - APPROVED**

**RECEIVED BY EMAIL**

#### **In Attendance:**

John Lillis, Board Member  
Gary Ruchin, Board Member  
Joseph Miller, Board Member  
John D. Ward, Town Administrator  
James Luddecke, Finance Officer

Alex Caravaca, Prudential  
Lazaro Guzman, Prudential  
Mark Laysone, ICMA-RC  
Russell Salerno, ICMA-RC  
Dawn Maselek, Assistant Town Administrator

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#### **Absent:**

Meeting called to order by Gary Ruchin at 7:00 p.m.

#### **Public Comment**

There were no members of the public in attendance.

#### **Approval of Minutes**

Motion to approve minutes for February 18, 2016, by John Lillis, seconded by Gary Ruchin. All in favor.

#### **New Business**

Review of the plans show returns relatively flat quarter with approximately .7% increase for the Town Plan and .8% for the Police Plan. The Police Plan asset allocations are slightly more aggressive than the Town's.

Most of the funds are meeting criteria. American Century is passing performance expectations, however is still being watched. LSV is below the median but the index performance comparison is better. Twenty percent (20%) of the fund is in emerging markets.

Columbus Circle still fails to perform to expectations. A new manager is coming to Columbus Circle. Lazaro Guzman states changes should be seen within the next couple of months. The other option is to choose an alternative fund and suggests Invesco, Emerald or RBC. Of the three RBC is closest in match to Columbus Circle in volatility. Invesco is more expensive and Emerald has a little more higher risk/volatility.

John Lillis makes a motion to replace Columbus Circle with RBC, seconded by Joseph Miller. All in favor. Lazaro Guzman will send a request to Dawn Maselek and await confirmation of approval for transfer. The transfer will happen within two weeks of confirmation.

Regarding LSV, Lazaro Guzman is not recommending any changes at this time.

ICMA-RC holds the Town's 401/457 defined contribution plans. Mark Laysone and Russell Salerno of ICMA-RC are introduced. Mark Laysone states there are fifty funds available, and explains that 401 plans are pre-tax and pre-FICA.

Portfolios are designed for age and lifestyle. The Vantagepoint Portfolio funds are proprietary, however they are not considered proprietary by Morningstar.

The Milestone Funds are designed by retirement age and are more aggressive in the earlier stages and re-balanced by ICMA to be more conservative the closer to retirement age. They are set to run to target date plus ten years with the assumption the employee will stay in the fund at least ten years after retirement. It is popular with young investors.

Of the fifty funds, only three are below average in meeting criteria. If one of the funds turns up on the watch list, a meeting will be set up with the manager to determine the cause and if any changes need to be made.

Asset Allocations are good and are balanced higher than the Stable Value. Reports indicate there are more investors than savers in the Plan, which is good for the employees. The category for the 36-45 age is higher in the Stable Value plan and should be more aggressive, since these employees have an additional twenty years to invest.

The Department of Labor has determined it is best to use target date funds for those that do not select an investment choice. Dawn Maselek stated new hires are asked to complete the form for the 401 during orientation, and if they are unsure of the selections, advised to choose the target date funds and they could change their selection at any time. They are also advised to contact Russ Salerno for investment advice. If employees were given the choice to leave and return the paperwork, a delay of several weeks occurred to setting up the 401, so paperwork completion during orientation ensured timely enrollment.

Russell Salerno explained diversification and enrollment of new employees. A training session on Investing for Retirement with Jason Atwater and Russell Salerno has been set up for June 16, 2016 for Town employees.

ICMA-RC also has a new mobile application. Employees can access accounts on their smart phones. With six clicks they can enroll.

#### **Old Business**

Chair of Committee tabled until next meeting.

Motion to adjourn was made by John Lillis, seconded by Joseph Miller. All in favor.

Meeting adjourned at 9:16 p.m.

**Next Meeting:** August 18, 2016

Prepared by: Dawn R. Maselek, Assistant Town Administrator