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# TOWN OF VERNON

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## *Pension Board*

### **Town of Vernon, Connecticut Pension Board Meeting Minutes November 17, 2016 - FINAL**

#### **In Attendance:**

John Lillis, Board Member  
Gary Ruchin, Board Member  
Joseph Miller, Board Member  
James Luddecke, Finance Officer

Alex Caravaca, Prudential  
Lazaro Guzman, Prudential  
John D. Ward, Town Administrator  
Dawn Maselek, Assistant Town Administrator

#### **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 August 18, 2016, by John Lillis, seconded by Joseph Miller. All in favor.

#### **New Business**

Third quarter showed economy strengthening with the Gross Domestic Product up 3% and job creation. Markets showed solid returns despite the volatility of the June vote for Britain to leave the EU, the Fed raising rates and current anxiety of leadership changes in the United States.

Growth outperformed value, which is a direct shift from the third quarter. The outlook is favorable for economic growth and should reflect in investments.

Fixed Income Returns – the riskier ones performed better.

Interest rates changed dramatically. Since the election the 10 year numbers are 80 basis points higher than at the end of the quarter. There has been a little rise in interest rates, which should help fund the status of the plan by bringing down the present value. Outlook is favorable for economic growth. Election ideas are pro-business.

Town Plan ended the quarter at \$38 million, with somewhat conservative investment of 50% equity, 50% fixed income. Given the gap I funding, add to equities. Wait for the next go-around for valuation data to determine.

Police Plan is currently at 55% equity, 45% fixed. The Plan was partially re-balanced November 1 to aligned with the long-term plan. The re-balance will be completed by December 1.

All funds are passing with the exception of J.P. Morgan Large Cap. Holdings are in health care, and performance has been good until the last quarter. No recommendation to transfer investments from the

fund at this time. American Century is no longer on the watch list. Private Placement is still beating the Index.

Jim Luddecke questioned whether funding should be moved to increase equity exposure. This would provide a higher return over time, but would also add volatility to the Plan.

Gaps remain in terms of funding. Contributions are needed to close the gap. Two alternatives are:

- contribute more
- invest more aggressively

Lazaro Guzman recommends 60/40 with heavier in equity. He can perform some modeling and show what the returns will be. Currently a \$32 million gap in the valuation of the Plan.

Gary Ruchin nominated as Chairman by John Lillis, Joseph Miller 2<sup>nd</sup>. All in favor.

Dates for calendar 2017 meetings:

February 23, 2017

May 18, 2017

August 17, 2017

November 16, 2017

**Old Business**

None.

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

Meeting adjourned at 7:34 p.m.

**Next Meeting:** February 23, 2017

Prepared by: Dawn R. Maselek, Assistant Town Administrator