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Pension Board

Town of Vernon, Connecticut Pension Board Meeting Minutes
February 23, 2017 - DRAFT

In Attendance:
John Lillis, Board Member
Gary Ruchin, Board Member
Joseph Miller, Board Member
Alex Caravaca, Prudential
Lazaro Guzman, Prudential
John D. Ward, Town Administrator
Dawn Maselek, Assistant Town Administrator

Absent:
James Luddecke, Finance Officer

Meeting called to order by John Lillis at 7:05 p.m.

Public Comment
There were no members of the public in attendance.

Approval of Minutes
Motion to approve minutes for November 17, 2016 by John Lillis, seconded by Joseph Miller. All in favor.

New Business
Re-balance of Police Plan completed. Lazaro Guzman confirmed most re-balancing takes place over two phases.

Large deposits received from the Town in December and went to the Guaranteed Deposit fund. Redistribution of those funds began February 1 to ensure fund balance. Going forward Lazaro will set up the accounts to be applied to the various funds pro-rata. Guaranteed Deposit funds are treated as short-term money and therefore do not get the competitive rate.

The last quarter was good for the markets. There were election impacts with the Feds raising the interest rates, and again possibly next month. The Brexit election brought further volatility. Financials and energy out-performed, with Financials up twenty-one percent.

Health care was in the negative due to increased scrutiny on drug pricing and the uncertainty around the Affordable Care Act.

Emerging Markets were -4% for the quarter, but up for the year due to oil and commodities. The rest of the non-US markets were flat or negative. High yields were best for fixed income, they pose less risk with higher commodity and oil prices.

Interest was up 100 basis points for the quarter due to market optimism. 2017 forecast is growth will accelerate short-term. Concerns around trade and immigration will offset some of the positives. A higher deficit could be a burden to growth, so Prudential is watching.

Town Plan year was up 6.68%. Currently at 53.4% in Fixed Income. Will need to re-allocate some to Equity to balance the fund back to the long-term plan of 50%.

Police Plan year was up 7.48% for the year, having a more aggressive allocation with a higher percentage in Equity.

All funds meeting expectations with the exception of International Bank Lazard. It is currently on 3% of the Fund. J.P. Morgan is on the watch list as it has been underperforming for the last 12 months.

American Century is off the watch list as there has been a turn-around in the recent quarters.

The Private Placement are non-public bonds and are still beating the index due to being held longer term.

Old Business
None

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

Meeting adjourned at 7:45 p.m.

Next Meeting: May 18, 2017
Prepared by: Dawn R. Maselek, Assistant Town Administrator