

*Draft Minutes of the Joint Meeting*

## **Town and Police Pension Boards**

**October 18, 2016**

Room 206 4:00 PM

### **CALL TO ORDER**

The meeting was called to order by Kelly Galvin at 4:00 pm. Attendance was as follows:

- For the Town Board: Kelly Galvin (chair), Lisa Mason, Bruce Sargent, Tony Yezzi, Jon Zagrodzky.
- For the Police Board: Michael DosSantos, Kim Huffard (departed at 5:00 pm), Paul Johnson, Tom Joyce, and Jon Zagrodzky.
- Others: Jennifer Charneski, Director of Finance; Laurie Dunn, Director of Human Resources; Eileen McGrath, Assistant Director of Finance.

### **INVESTMENT MANAGER REPORT (AGENDA ITEM #2)**

Derek Dolan, CFA, Relationship Manager at Boston Partners, and Duilio Ramallo, CFA, Portfolio Manager at Boston Partners, joined the meeting (Dolan in person, Ramallo by phone) to present recent investment performance. Highlights:

- The combined assets under management as of 9/30/16 total \$119.46 million - \$71.4 million for the Town and \$48.06 million for the Police.
- Year-to-date performance is 9.46% (gross of fees) and 8.96% (net of fees), versus 10.4% benchmark (50% Russell 3000 Value / 50% Barclays Government Credit Index).
- Year-to-date equity performance is 6.92% (gross of fees) and 6.76% (net of fees), versus benchmarks of 3.87% (Russell 3000 Value Index) and 7.84% (S&P 500 Index).
- The portfolio remains at a 60/40 equity/fixed income investment mix. Equity investments in financials and consumer services have been a negative drag on results, whereas investments in energy and technology have had a positive influence.

### **DISCUSS AND TAKE ACTION ON RETIREMENT APPLICATIONS (AGENDA ITEM #3)**

The Boards reviewed pension plan applications.

- Bruce Sargent moved approval of Town refund applications; passed unanimously.
- Kim Huffard moved approval of the Police pension application; passed unanimously.

## **REVIEW OF OPEB INVESTMENTS (AGENDA ITEM #4)**

### **OPEB (Other Post-Employment Benefits)**

Process has not been reviewed recently. Fund started small and it was determined at that time to let money remain in passive accounts. As account has grown in size (market values as of 9/30/16 – Town - \$3.2mm, Police - \$4.06mm), the Board debated whether it should be managed more actively, similar to pension funds (60/40 equity/fixed income). As current performance is superior, the Board decided to leave funds alone, but suggested an annual review of the funds. The creation of a policy guidelines document was suggested. A discussion of allocation of OPEB funds will be added to the January agenda.

## **FIXED INCOME DISCUSSION (AGENDA ITEM #5) &**

### **NEW BUSINESS – DISCUSSION OF TOWN PENSION FUNDS INVESTMENT GUIDELINES (AGENDA ITEM #8)**

Kelly Galvin distributed a performance summary comparing US Interm Duration Fixed Income returns and US Passive Fixed income returns over the last seven years, versus the results from both Blackrock Bond Fund and Vanguard Bond Fund results over the same period. A discussion followed whether our assets (40%) in fixed income should remain passively managed.

Currently, our funds are in the top quartile of performance being passively (indexed) managed. The Board suggested a continued monitoring of the trend of active versus passive management. The Board further suggested using the aggregate benchmark. The Board is comfortable with the current approach.

The Board would like to add an updated version of Town Pension Funds Investment Guidelines for discussion and approval to the January Joint Meeting.

## **APPROVAL OF MINUTES (AGENDA ITEM #6)**

The June 14, 2016 Special Meeting minutes of the Town Pension Board were approved. The board requested a copy of the June 14, 2016 Special Meeting Minutes of the Police Pension Board be included at the next quarterly meeting of the Joint Boards (January 2017).

The August 16, 2016 minutes were reviewed, edited (inclusion of L. Mason in attendance, abstaining from vote to approve previous minutes), and approved.

Bruce Sargent moved approval for the Town Board; Kim Huffard moved for the Police Board; passed unanimously (Tom Joyce abstained due to August absence).

**NEW BUSINESS – MEETING SCHEDULE FOR 2017 (AGENDA ITEM #7)**

Kelly Galvin proposed an updated schedule for 2017 quarterly meetings of the Joint Pension Board. The updated schedule is as follows:

Tuesday, January 17, 2017 – 4:00pm (Tuesday, January 24, 2017 set aside if needed due to snow)

Tuesday, April 18, 2017 – 4:00pm

Tuesday, July 18, 2017 – 4:00pm

Tuesday, October 17, 2017 – 4:00pm

**ADJOURNMENT**

Paul Johnson and Lisa Mason moved adjournment at 5:15 pm for the Police and Town Boards respectively; passed unanimously.

Respectfully submitted: Jon Zagrodzky, Clerk

Prepared by: Karen Dunn

*Next meeting: January 17, 2017*