

LITCHFIELD PENSION COMMISSION REGULAR MEETING
TUESDAY, June 9, 2015

MINUTES

Present: Members: F. Carpentier, M. Dunn, J. Manes, J. Morosani , P. Perusse
Alternate member: D.T.Wilson
Absent: Alternate member: B. Barnes
Also present: Union Savings Bank Representatives, R. Judd, P. Cowenhoven; Roxanne Carroll,
Administrative Assistant to the First Selectman; M. Fishman, Board of Finance

The meeting was called to order by P. Perusse at 7:00p.m.

Approval of Minutes of April 14, 2015 Regular Meeting: Motion: by J. Manes seconded by P. Perusse to approve the minutes of the April 14, 2015 regular meeting. Voting aye: F. Carpentier, M. Dunn, J. Manes, J. Morosani, P.Perusse. D.T. Wilson abstained due to his absence from the meeting. Motion passed.

Investment Policy Statement (“IPS”) Discussion: Motion by M. Dunn seconded by P. Perusse to add to the agenda “Investment Policy Statement Discussion”. All voted aye and the motion passed. There was much discussion on Exchange Traded Funds (ETFs) and Treasury bonds. Although ETFs are thought to be more liquid there was some concern that in an environment similar to the 2008 mortgage crisis or the Long Term Capital 1998 crisis, a protracted sell-off could cause the ETF price to go to a significant discount to the underlying asset value, and that discount could provoke additional selling. There was discussion on the percentage of cash in the portfolio to cover monthly needs for a period of up to twelve months. P. Cowenhoven explained that they are comfortable with the liquidity of bond funds currently. R. Judd said that they would be mindful of the concerns expressed by the commission. J. Morosani felt given the current low level of interest rates, the 35% of the portfolio in fixed income was meant to protect the portfolio in the event of a financial crisis. He stated that we might benefit by having an investment in individual government bonds vs. an ETF, given the possibility of ETFs underperforming the actual government bond market for a short time period in a sell-off. P. Cowenhoven pointed out that that would be good but the Investment Policy Statement does not allow holding individual Treasury securities.

J. Morosani suggested amending the IPS to add under Eligible Securities: “4. Debt issued by the U.S. Treasury Department”. F. Carpentier expressed concern about the commission constantly changing the Investment Policy Statement because of some event that may or may not happen. USB agreed to examine moving 3% of the portfolio from fixed income ETFs to individual government securities. M. Dunn stated he would like to look at it from a modeling perspective and based on the model we may

need to adjust the Statement slightly. P. Perusse said that we might never implement #4 in the Statement but it would be there, if needed. MOTION: J. Morosani move to change the Investment Policy Statement to add under Eligible Securities: #4. Debt issued by the U.S. Treasury Department, seconded by M. Dunn. All voted aye and the motion carried.

Union Savings Bank – Discussion Investment – P. Cowenhoven stated that year-to-date Account Performance is +3.29% vs +3.25% for the benchmark on a gross basis. The good international performance has helped to improve performance vs the benchmark. Rates have risen in the past couple months. USB stated that they are comfortable with High Yield Bonds at the moment.

Communications: P. Perusse said she had spoken with First Selectman L. Paul regarding the Commission's request for funding for actuarial review services for both the Merit Service and the Municipal Retirement Plans. There is also a language change in the Municipal Plan needed regarding the 1% employee contribution. She will send him a letter outlining the request this week.

Items for next agenda: The next meeting is scheduled for August 11, 2015.

Adjournment: Motion: by M. Dunn to adjourn at 7:58p.m. and J. Manes seconded. All voted aye and the motion carried.

Respectfully submitted,

John W. Morosani
Secretary