

PENSION AND RETIREMENT BOARD
TOWN OF EAST WINDSOR
11 RYE ST,
BROAD BROOK, CONNECTICUT, 06016

MINUTES OF REGULAR MEETING

Wednesday, October 16, at 5:30 p.m.

****These minutes are not official until approved at a subsequent meeting****

Regular Members Present:

Jason Bowsza (6:05 p.m.), Edward Bowsza, David King, Karen Christensen, Bill Syme

Regular Members Absent:

Elizabeth Burns, Frances Neill

Advisory:

Amy O'Toole

Advisories Absent:

Christine DeBarge, Robert Maynard

1. CALL TO ORDER:

David King called the Regular Meeting to order at 5:33 p.m. at the Town Hall Meeting Room, 11 Rye Street, Broad Brook, CT.

2. APPROVAL OF MINUTES:

MOTION made by (E. Bowsza) and **SECONDED** by (Christensen) to accept the July 17, 2019 Regular Meeting Minutes.

In Favor: All

Opposed: None

Motion: **PASSED**

MOTION made by (E. Bowsza) and **SECONDED** by (Christensen) to accept the July 25, 2019 Special Meeting Minutes.

In Favor: All

Opposed: None

Motion: **PASSED**

3. PUBLIC COMMENT:

None

4. COMMUNICATION:

None

5. NEW BUSINESS:

A. Pension Fund Update-Webster Bank:

Robert Lebreux and Robert Maglio came and gave an update on the pension plan. They showed where the plan started and ended as of 9/30/19. The plan started at \$24,287,345.30 and ended with \$27,813,019.29 for a 13.29% return calendar year to date. They quickly went over the rest of the plan.

They then went on to discuss the Pension Fund Investment Policy Statement. They made changes to the Pension Fund Investment Policy Statement. To see the changes to the statement it is hereto attached as Attachment A (changes are in red and 6 pages). The Board voted to approve the Statement pending approval from Pullman & Comley.

MOTION made by (Syme) and **SECONDED** by (Christensen) to approve the Pension Fund Investment Policy Statement pending review from George Kasper of Pullman & Comley.

In Favor: All

Opposed: None

Motion: **PASSED**

**B. Defined Contribution 401a & 457 Plan Investment Advisor RFP (Fiduciary)
Analysis:**

After a lengthy discussion about all of the proposals the Board decided to postpone the discussion to talk to ICMA and to see if Webster can act like an advisor. They will readdress this at the next meeting.

MOTION made by (J. Bowsza) and **SECONDED** by (E. Bowsza) to postpone this discussion, about an RFP for a Fiduciary, until the next meeting.

In Favor: All

Opposed: None

Motion: **PASSED**

C. Actuary RFP Analysis:

After a brief discussion about all the proposals the Board decided to go with Milliman as an Actuary.

MOTION made by (J. Bowsza) and **SECONDED** by (Christensen) to accept the request for proposal submitted by Milliman (Actuary).

In Favor: All

Opposed: None

Motion: **PASSED**

D. 2020 Meeting Dates:

MOTION made by (Syme) and **SECONDED** by (E. Bowsza) to approve the 2020 Meeting Dates, as presented.

In Favor: All

Opposed: None

Motion: **PASSED**

To see the 2020 Meeting Dates, they are hereto attached as Attachment B (1 page).

6. OLD BUSINESS:

None

7. EXECUTIVE SESSION:

MOTION made by (J. Bowsza) and **SECONDED** by (E. Bowsza) to go into Executive Session per CGS 1-200(6)(B)-strategy and negotiations with respect to retirement plans. To include Attorney Michael Harrington, First Selectman Robert Maynard and Treasurer Amy O'Toole at 6:45 p.m.

In Favor: All

Opposed: None

Motion: **PASSED**

8. ADJOURNMENT:

MOTION made by (E. Bowsza) and **SECONDED** by (Syme) to adjourn at 6:56 p.m.

In Favor: All

Opposed: None

Motion: **PASSED**

Respectfully Submitted,

Rebecca D'Amicol, Recording Secretary

Attachment A
page 1

PENSION FUND INVESTMENT POLICY STATEMENT
Town of East Windsor Pension & Retirement Board
Draft November 18, 2014

INTRODUCTION & PURPOSE

The Town of East Windsor Pension Plan ("Plan") is a defined benefit pension plan maintained to provide retirement benefits to plan participants and their beneficiaries according to the terms of the Plan.

The Pension and Retirement Board ("Board") is charged with the responsibility of monitoring the investment management of Plan assets. To assist the Board in this function, this Investment Policy Statement ("Statement") was adopted to outline the goals, investment objectives and guidelines for managing the Plan assets.

The Statement is intended to provide the Board and the parties responsible for the investment management of the Plan assets ("Portfolio Managers") with a foundation from which to understand the Plan's investment management policy guidelines specific strategies and to enable the Board to effectively evaluate the performance of the Portfolio Manager.

FUNCTIONS OF THE BOARD

The responsibilities of the Board relating to the investment management of the portfolio include:

- Development of the Statement of Investment Policy Statement, Objectives and Guidelines; to include, but not limited to:
Establishing reasonable and consistent investment objectives, asset allocation guidelines, policies and, investment guidelines and performance expectations
Define the risk tolerance
Define the time horizon
- Review the Statement periodically and make any necessary revisions;
- Select the Portfolio Managers;
- Communicate/provide the Statement to the Portfolio Managers;
- Regularly evaluate the results performance of the Portfolio Managers against the established performance expectations and to assure adherence to the policy guidelines, and outlined in the Statement, to monitor progress toward achieving investment objectives.

The Board shall not reserve any control over investment decisions, with the exception of specific limitations that may be described in the Statement. The Portfolio Managers shall be held accountable and responsible to achieve the objectives stated herein.

Attachment A
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Cash requirements will be reviewed no less frequently than annually, and any change will be communicated within a reasonable time to the Portfolio Managers.

INVESTMENT MANAGEMENT POLICY

Stated Investment Objective

The investment objective of the portfolio is to achieve long-term growth through capital appreciation with current income as a secondary consideration. ~~The portfolio's overall return shall be evaluated based upon both realized and unrealized capital gains and losses.~~

Investment Horizon

The investment time horizon of the portfolio is long-term.

Asset Allocation Guidelines

The portfolio shall be diversified by asset class (equities, fixed income, and cash equivalents.)

The allocation between equities and fixed income instruments will be the most important factor in determining investment performance over time. The purpose of investing in fixed income is primarily to produce current income and to reduce overall volatility of the portfolio. The purpose of investing in equities is to provide future growth in both principal and income while also preserving the purchasing power of the assets.

To maximize the ability of achieving the overall goals of the portfolio and provide the required level of income each year, the allocation between equities and fixed income shall adhere to the following ranges based on market value:

Asset Class	Minimum	Target	Maximum
Total Equity	50%	60%	70%
US Large Cap	35%	40%	60%
US Mid Cap	0%	5%	10%
US Small Cap	0%	5%	10%
International-Developed	5%	10%	15%
International – Emerging	0%	0%	5%
Total Fixed Income	30%	40%	50%
US Investment Grade	25%	35%	45%
International Investment Grade	0%	0%	10%
High Yield	5%	5%	10%
Emerging Market Debt	0%	0%	5%
Total Cash Equivalents	0%	0%	10%

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Attachment A
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Total Alternatives	0%	0%	10%
Real Estate Investment Trust	0%	0%	10%
Mutual Fund Alternatives	0%	0%	5%

<u>Asset Class</u>	<u>Allocation Range</u>	<u>Target</u>
Equity	50% - 70%	60%
Fixed Income	30% - 50%	40%
Cash-equivalents	0% - 10%	0%

The Board shall monitor the above ranges and targets periodically and communicate any changes to the Portfolio Managers.

Investment Guidelines

The Portfolio Managers are permitted to invest in the following assets:

Equity Investments

- Common Stocks
- Preferred Stocks
- Equity Mutual Funds/Exchange Traded Funds
 - Large Cap Funds
 - Mid Cap Funds
 - Small Cap Funds
 - International Funds
 - Emerging Market Funds

The Portfolio Managers use of ~~mutual funds or exchange traded funds to add exposure to~~ International, ~~as well as~~ small and mid-cap equities are subject to the following guidelines:

International equities should not represent more than ~~25~~0% of the total equity allocation in the portfolio.

The combined exposure to small and mid-cap equities should not be more than 15% of the equity allocation in the portfolio.

It is the responsibility of the Portfolio Manager to ensure that the guidelines and objectives of the portfolio are consistent with the investment policy. It is the Portfolio Manager's responsibility to monitor the mutual fund and ensure that the mutual fund does not violate its prospectus and/or charter.

All investments must have a readily ascertainable market value and must be readily marketable.

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Attachment A
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The emphasis will be on achieving long-term (minimum of three (3) years) performance objectives.

Fixed Income Investments Securities

US Government and Agency Securities

Corporate Notes and Bonds

Mortgage-backed Bonds

Collateralized Mortgage Obligations

U.S. Government and Agency Securities Corporate Notes and Bonds

Mortgage-Backed Bonds Collateralized Mortgage Obligations

Fixed Income Mutual Funds/Exchange Traded Funds

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The purpose of investing in bonds is to obtain a fixed and reasonably high level of current income and to reduce market volatility.

Bond investments should not be exposed to significant levels of interest rate risk or credit risk.

Individually issued bond investments should be limited to those backed by the full faith and credit of the United States Government and other bonds, not guaranteed by the United States Government, provided they are rated at least a "BBB" or its equivalent by Standard & Poor's or Moody's. No more than 10% of the fixed income portfolio can be invested in one individual corporation except for bonds issued by the United States Government.

Up to 15% of the fixed income portfolio can be invested in high yield bonds.

Since mutual fund and/or exchange traded funds will most likely be used the average credit quality of the fixed income portfolio must be investment grade "BBB" or higher.

All investments must have a readily ascertainable market value and must be readily marketable.

The emphasis will be on long-term (minimum of three (3) years) rather than on short-term performance.

Cash Equivalents

Treasury Bills

Money Market Deposit Accounts

Money Market Mutual Funds

Agency Discount Notes

STIF Funds

Bankers' Acceptances

Repurchase Agreements

Certificate of Deposits

Treasury Bills

Money Market Deposit Accounts Money Market Mutual Funds Agency Discount Notes

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Attachment A
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~~STIF Funds Commercial Paper Bankers' Acceptances
Repurchase Agreements
Certificates of Deposit~~

Alternative Investments

Publicly traded Real Estate Investment Trusts (REIT) shares, exchange traded funds holding REIT shares, or mutual funds holding REIT shares are permitted investment.

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Mutual fund alternative investment strategies such as absolute return, market neutral, and long short strategies are permitted.

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Special Situation and Other Investment Policies

The following securities and transactions are not authorized unless receiving prior approval from the Board:

- Unregistered securities including letter stock; commodities or other commodity contracts; and short sales or margin transactions;
- Securities lending; pledging or hypothecating securities;
- The purchase of: Income leasing; non-liquid real estate investments; guaranteed investment contracts; insurance; annuities; tangible assets; venture capital; private placements.

Performance Expectations

As a long-term pension plan, the primary time horizons for monitoring performance results will be over the three, five and ten year time periods.

Industry accepted comparative market and peer group benchmarks, such as the S&P 500 and Barclays Cap Intermediate Government Credit Fixed Income Index, and Morgan Stanley Capital International Europe, Australia, Far East Index (MSCI EAFE) will be used to evaluate the portfolio manager's performance.

For performance comparison, a blended benchmark consisting of 40% S&P 500 Index, 5% Russell Mid Cap Index, 5% Russell 2000 Index, 35% Barclays Cap Intermediate Government Credit Fixed Income Index, 5% Barclay's Cap US High Corporate High Yield Bond Index and 10% Morgan Stanley Capital International Europe, Australia, Far East Index (MSCI EAFE) will be used.

Approved and Adopted

Attest:

Date: 11/18/2014

Attachment A
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_____ Jason Bowza Chairman, Pension and Retirement Board	_____ Kimberly Lord Treasurer
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Pension & Retirement Board
Regular Meeting
October 16, 2019

Attachment B
(1 page) 5d

2020 Regular Meeting Dates

Pension Board

Date	Time	Location
Tuesday, January 21	5:30 p.m.	Town Hall Meeting Room
Tuesday, April 21	5:30 p.m.	Town Hall Meeting Room
Tuesday, July 21	5:30 p.m.	Town Hall Meeting Room
Tuesday, October 20	5:30 p.m.	Town Hall Meeting Room