Town of Simsbury

933 HOPMEADOW STREET P.O. BOX 495 SIMSBURY, CONNECTICUT 06070

Thomas F. Cooke – Director of Administrative Services

BOARD OF SELECTMEN MEETING
AGENDA SUBMISSION FORM

1. **Title of submission:** Endorsement of FIA Pension Fund Allocation Recommendation

2. **Date of submission:** May 9, 2013

3. **Date of Board Meeting:** May 13, 2013

4. **Individual or Entity making the submission:**

   Thomas F. Cooke – Director of Administrative Services

5. **Action requested of the Board of Selectmen (Acceptance of gift, creation of reserve, approval of contract, information only, etc. Be as specific as possible with respect to the desired action of the Board.):**
   The Individual or Entity making the submission requests that the Board of Selectmen:

   Endorse the recommendation of Fiduciary Investment Advisors to invest proceeds from Frank Russell RTC Real Estate Equity Fund in the Vanguard Domestic REIT Index pending opportunity to invest in Cornerstone Patriot Fund

6. **Individual(s) responsible for submission (Please include complete contact information. The identified individual(s) should be prepared to present information to the Board of Selectmen at the Board Meeting.):**

   Thomas F. Cooke – Director of Administrative Services and Administrative Chair, Pension Sub-Committee – (860) 658-3230

7. **<u>Summary of Submission</u> (Include in your summary (i) relevant dates and timelines; (ii) parties involved; (iii) a description of financial terms and conditions specifically identifying the financial exposure/commitment of the Town of Simsbury; (iv) whether or not contracts, licenses and other legal documents have been reviewed by the Town's counsel; and (v) other information that will inform the Board of Selectmen's consideration of your submission. Include any <u>additional</u> information in an attached memorandum.):**

The Pension Sub-Committee, working with Fiduciary Investment Advisors, is nearing completion of the transition to an "open architecture" approach to the management of the Town of Simsbury's pension fund investments. In connection with this transition, the Town has liquidated its investments in the Frank Russell investment options and moved them to fund managers approved under the Town's revised Investment Policy Statement.

The last piece of the transition involves liquidation of assets in the Russell RTC Real Estate Equity Fund and investment of those assets in the Cornerstone Patriot Fund. While the RTC Real Estate Funds have been liquidated, there is a waiting period before the Town can invest the proceeds in the Cornerstone Patriot Fund.

Fiduciary Investment Advisors ("FIA") has recommended that, in the interim, the bulk of the proceeds (in an amount of $1.3 million) be invested in the Vanguard Domestic REIT Index. This would enable the Town to meet the twin goals of (1) investing in Cornerstone as soon as the opportunity arises, and (2) meeting the Investment Policy Statement's goals of maintaining investment in real estate.

The Board of Finance will be taking final action on this recommendation at its meeting on Tuesday, May 14, 2013.

8. **<u>Description of documents included with submission</u> (All documents must be in final form and signed by the appropriate party.):**
The following documents are included with this submission and attached hereto:

Cash Flow Worksheets – Town of Simsbury Police Pension Plan, General Government Plan and Board of Education Pension Plan

TOWN OF SIMSBURY POLICE PENSION PLAN

CASH FLOW WORKSHEET

Objective - Invest cash into the Vanguard Domestic REIT Index as a proxy for the Conerstone Patriot Fund until drawdowns occur.

FUND	SYMBOL	CUSIP	Unreconciled Balances as of 5/8/2013	Current Allocation	Target	CASH FLOWS	Resulting Balance	Resulting Allocation
Wells Fargo Advantage MM			$610,037	4.2%		($435,000)	$175,037	1.2%
FIXED INCOME								
Metropolitan West Total Return Pl	MWTSX	592905764	$1,584,423	10.8%	11.25%	$0	$1,584,423	10.8%
PIMCO Total Return Instl	PTTRX	693390700	$1,568,864	10.7%	11.25%	$0	$1,568,864	10.7%
Templeton Global Bond Adv	TGBAX	880208400	$801,723	5.5%	5.50%	$0	$801,723	5.5%
Total Fixed Income			***$3,955,011***	**27.0%**	**28.00%**		***$3,955,011***	**27.0%**
DOMESTIC EQUITY								
Vanguard Institutional Index Instl	VINIX	922040100	$3,388,118	23.1%	22.00%	$0	$3,388,118	23.1%
Neuberger Berman Genesis	NBGIX	641233200	$1,507,237	10.3%	10.00%	$0	$1,507,237	10.3%
Total Domestic Equity			***$4,895,355***	**33.4%**	**32.00%**		***$4,895,355***	**33.4%**
INTERNATIONAL EQUITY								
Thornburg International Value R6	TGIRX	885216804	$1,898,277	13.0%	12.50%	$0	$1,898,277	13.0%
Templeton Instl Foreign Smaller Companies Ser A	TFSCX	880210877	$752,823	5.1%	5.00%	$0	$752,823	5.1%
Aberdeen Emerging Markets Instl	ABEMX	003021714	$372,529	2.5%	2.50%	$0	$372,529	2.5%
Total International Equity			***$3,023,629***	**20.6%**	**20.00%**		***$3,023,629***	**20.6%**
REAL ESTATE								
Cornerstone Patriot Fund**	N/A	N/A	$0	0.0%	5.00%	$0	$0	0.0%
Vanguard Domestic REIT Index	VGRSX	921908836	$0	0.0%	0.00%	$435,000	$435,000	3.0%
Total Real Estate			***$0***	**0.0%**	**5.00%**		***$435,000***	**3.0%**
INFLATION HEDGE								
Vanguard Inflation Protected Securities Adm	VAIPX	922031737	$227,720	1.6%	1.67%	$0	$227,720	1.6%
Van Eck Global Hard Assets I	GHAIX	921075412	$231,916	1.6%	1.67%	$0	$231,916	1.6%
PIMCO Commodity Real Return Instl	PCRIX	722005667	$218,737	1.5%	1.67%	$0	$218,737	1.5%
Total Inflation Hedge			***$678,373***	**4.6%**	**5.00%**		***$678,373***	**4.6%**
ASSET ALLOCATOR								
Blackrock Global Asset Allocation Instl	MALOX	09251T509	$1,494,595	10.2%	10.00%	$0	$1,494,595	10.2%
Total Asset Allocator			***$1,494,595***	**10.2%**	**10.00%**		***$1,494,595***	**10.2%**
			$14,656,999	**100.0%**	**100.0%**	**$0**	**$14,656,999**	**100.00%**

*Source: Wells Fargo

**Cornerstone Patriot Fund will be purchased at next available quarterly drawdown.

You acknowledge and agree that you are solely responsible for issuing any instructions and implementing any transactions that may be necessary or appropriate in order to complete fund changes that we may recommend in light of your objectives and policies, performance by the investment managers and such other market conditions and factors which are deemed relevant. You understand and agree that our duties and responsibilities under this agreement do not include acting as your agent in connection with: (a) establishing or terminating client accounts with investment managers, (b) providing purchase or sale instructions to custodians, (c) providing investment or withdrawal instructions to mutual fund or other investment management companies, (d) providing or relaying wire transfer instructions relating to the settlement of transactions, or (e) advising on or voting proxies on your behalf. We shall not be liable to you for any failure relating to the issuance, delivery, accuracy or completeness of such instructions in effecting any such securities transactions approved by you in accordance with any rebalancing. You are responsible for verifying the accuracy of this information and directly communicating any instructions to appropriate parties. We are neither authorized to initiate transactions on your behalf nor can we assume responsibility for inaccurate or incomplete information. You understand that these transactions may not necessarily be performed simultaneously. There may be risks to being un-invested during periods of extreme market volatility. Sale proceeds and/or cash may be "out of the market" for a period of time due to transactional and procedural constraints.

Signature _____ **Date** _____

TOWN OF SIMSBURY GENERAL GOVERNMENT PENSION PLAN

CASH FLOW WORKSHEET

Objective - Invest cash into the Vanguard Domestic REIT Index as a proxy for the Conerstone Patriot Fund until drawdowns occur.

FUND	SYMBOL	CUSIP	Unreconciled Balances as of 5/8/2013	Current Allocation	Target	CASH FLOWS	Resulting Balance	Resulting Allocation
Wells Fargo Advantage MM			$737,832	3.9%		($540,000)	$197,832	1.0%
FIXED INCOME								
Metropolitan West Total Return Pl	MWTSX	592905764	$2,038,337	10.8%	11.25%	$0	$2,038,337	10.8%
PIMCO Total Return Instl	PTTRX	693390700	$2,018,321	10.7%	11.25%	$0	$2,018,321	10.7%
Templeton Global Bond Adv	TGBAX	880208400	$1,037,851	5.5%	5.50%	$0	$1,037,851	5.5%
Total Fixed Income			***$5,094,510***	**27.0%**	**28.00%**		***$5,094,510***	**27.0%**
DOMESTIC EQUITY								
Vanguard Institutional Index Instl	VINIX	922040100	$4,392,208	23.3%	22.00%	$0	$4,392,208	23.3%
Neuberger Berman Genesis	NBGIX	641233200	$1,929,541	10.2%	10.00%	$0	$1,929,541	10.2%
Total Domestic Equity			***$6,321,748***	**33.5%**	**32.00%**		***$6,321,748***	**33.5%**
INTERNATIONAL EQUITY								
Thornburg International Value R6	TGIRX	885216804	$2,442,894	13.0%	12.50%	$0	$2,442,894	13.0%
Templeton Instl Foreign Smaller Companies Ser A	TFSCX	880210877	$982,456	5.2%	5.00%	$0	$982,456	5.2%
Aberdeen Emerging Markets Instl	ABEMX	003021714	$483,619	2.6%	2.50%	$0	$483,619	2.6%
Total International Equity			***$3,908,970***	**20.7%**	**20.00%**		***$3,908,970***	**20.7%**
REAL ESTATE								
Cornerstone Patriot Fund**	N/A	N/A	$0	0.0%	5.00%	$0	$0	0.0%
Vanguard Domestic REIT Index	VGRSX	921908836	$0	0.0%	0.00%	$540,000	$540,000	2.9%
Total Real Estate			***$0***	**0.0%**	**5.00%**		***$540,000***	**2.9%**
INFLATION HEDGE								
Vanguard Inflation Protected Securities Adm	VAIPX	922031737	$288,825	1.5%	1.67%	$0	$288,825	1.5%
Van Eck Global Hard Assets I	GHAIX	921075412	$294,147	1.6%	1.67%	$0	$294,147	1.6%
PIMCO Commodity Real Return Instl	PCRIX	722005667	$277,432	1.5%	1.67%	$0	$277,432	1.5%
Total Inflation Hedge			***$860,405***	**4.6%**	**5.00%**		***$860,405***	**4.6%**
ASSET ALLOCATOR								
Blackrock Global Asset Allocation Instl	MALOX	09251T509	$1,931,324	10.2%	10.00%	$0	$1,931,324	10.2%
Total Asset Allocator			***$1,931,324***	**10.2%**	**10.00%**		***$1,931,324***	**10.2%**
			$18,854,788	**100.0%**	**100.0%**	**$0**	**$18,854,788**	**100.0%**

*Source: Wells Fargo

**Cornerstone Patriot Fund will be purchased at next available quarterly drawdown.

You acknowledge and agree that you are solely responsible for issuing any instructions and implementing any transactions that may be necessary or appropriate in order to complete fund changes that we may recommend in light of your objectives and policies, performance by the investment managers and such other market conditions and factors which are deemed relevant. You understand and agree that our duties and responsibilities under this agreement do not include acting as your agent in connection with: (a) establishing or terminating client accounts with investment managers, (b) providing purchase or sale instructions to custodians, (c) providing investment or withdrawal instructions to mutual fund or other investment management companies, (d) providing or relaying wire transfer instructions relating to the settlement of transactions, or (e) advising on or voting proxies on your behalf. We shall not be liable to you for any failure relating to the issuance, delivery, accuracy or completeness of such instructions in effecting any such securities transactions approved by you in accordance with any rebalancing. You are responsible for verifying the accuracy of this information and directly communicating any instructions to appropriate parties. We are neither authorized to initiate transactions on your behalf nor can we assume responsibility for inaccurate or incomplete information. You understand that these transactions may not necessarily be performed simultaneously. There may be risks to being un-invested during periods of extreme market volatility. Sale proceeds and/or cash may be "out of the market" for a period of time due to transactional and procedural constraints.

Signature _____ **Date** _____

TOWN OF SIMSBURY BOARD OF EDUCATION PENSION PLAN

CASH FLOW WORKSHEET

Objective - Invest cash into the Vanguard Domestic REIT Index as a proxy for the Conerstone Patriot Fund until drawdowns occur.

FUND	SYMBOL	CUSIP	Unreconciled Balances as of 5/8/2013	Current Allocation	Target	CASH FLOWS	Resulting Balance	Resulting Allocation
Wells Fargo Advantage MM			$529,076	3.4%		($360,000)	$169,076	1.1%
FIXED INCOME								
Metropolitan West Total Return Pl	MWTSX	592905764	$1,697,087	10.9%	11.25%	$0	$1,697,087	10.9%
PIMCO Total Return Instl	PTTRX	693390700	$1,680,422	10.8%	11.25%	$0	$1,680,422	10.8%
Templeton Global Bond Adv	TGBAX	880208400	$865,614	5.6%	5.50%	$0	$865,614	5.6%
Total Fixed Income			***$4,243,124***	27.3%	28.00%		***$4,243,124***	27.3%
DOMESTIC EQUITY								
Vanguard Institutional Index Instl	VINIX	922040100	$3,626,449	23.4%	22.00%	$0	$3,626,449	23.4%
Neuberger Berman Genesis	NBGIX	641233200	$1,600,071	10.3%	10.00%	$0	$1,600,071	10.3%
Total Domestic Equity			***$5,226,520***	33.7%	32.00%		***$5,226,520***	33.7%
INTERNATIONAL EQUITY								
Thornburg International Value R6	TGIRX	885216804	$2,015,019	13.0%	12.50%	$0	$2,015,019	13.0%
Templeton Instl Foreign Smaller Companies Ser A	TFSCX	880210877	$798,976	5.1%	5.00%	$0	$798,976	5.1%
Aberdeen Emerging Markets Instl	ABEMX	003021714	$405,763	2.6%	2.50%	$0	$405,763	2.6%
Total International Equity			***$3,219,758***	20.7%	20.00%		***$3,219,758***	20.7%
REAL ESTATE								
Cornerstone Patriot Fund**	N/A	N/A	$0	0.0%	5.00%	$0	$0	0.0%
Vanguard Domestic REIT Index	VGRSX	921908836	$0	0.0%	0.00%	$360,000	$360,000	2.3%
Total Real Estate			***$0***	0.0%	5.00%		***$360,000***	2.3%
INFLATION HEDGE								
Vanguard Inflation Protected Securities Adm	VAIPX	922031737	$237,658	1.5%	1.67%	$0	$237,658	1.5%
Van Eck Global Hard Assets I	GHAIX	921075412	$242,038	1.6%	1.67%	$0	$242,038	1.6%
PIMCO Commodity Real Return Instl	PCRIX	722005667	$228,284	1.5%	1.67%	$0	$228,284	1.5%
Total Inflation Hedge			***$707,981***	4.6%	5.00%		***$707,981***	4.6%
ASSET ALLOCATOR								
Blackrock Global Asset Allocation Instl	MALOX	09251T509	$1,593,530	10.3%	10.00%	$0	$1,593,530	10.3%
Total Asset Allocator			***$1,593,530***	10.3%	10.00%		***$1,593,530***	10.3%
			$15,519,989	**100.0%**	**100.0%**	**$0**	**$15,519,989**	**100.0%**

* Source: Wells Fargo

**Cornerstone Patriot Fund will be purchased at next available quarterly drawdown.

You acknowledge and agree that you are solely responsible for issuing any instructions and implementing any transactions that may be necessary or appropriate in order to complete fund changes that we may recommend in light of your objectives and policies, performance by the investment managers and such other market conditions and factors which are deemed relevant. You understand and agree that our duties and responsibilities under this agreement do not include acting as your agent in connection with: (a) establishing or terminating client accounts with investment managers, (b) providing purchase or sale instructions to custodians, (c) providing investment or withdrawal instructions to mutual fund or other investment management companies, (d) providing or relaying wire transfer instructions relating to the settlement of transactions, or (e) advising on or voting proxies on your behalf. We shall not be liable to you for any failure relating to the issuance, delivery, accuracy or completeness of such instructions in effecting any such securities transactions approved by you in accordance with any rebalancing. You are responsible for verifying the accuracy of this information and directly communicating any instructions to appropriate parties. We are neither authorized to initiate transactions on your behalf nor can we assume responsibility for inaccurate or incomplete information. You understand that these transactions may not necessarily be performed simultaneously. There may be risks to being un-invested during periods of extreme market volatility. Sale proceeds and/or cash may be "out of the market" for a period of time due to transactional and procedural constraints.

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