



# Town of Simsbury

933 HOPMEADOW STREET

SIMSBURY, CONNECTICUT 06070

Thomas F. Cooke – Director of Administrative Services

## **Retirement Plan Sub-Committee** **Regular Meeting** **Minutes**

Wednesday, May 17, 2017 at 7:30 A.M.  
Board of Education Conference Room  
Simsbury Town Hall – 933 Hopmeadow Street

### **I. Call to Order**

The meeting was called to order at 7:30 a.m. by Administrative Chair Thomas Cooke. Sub-Committee members Derek Peterson, Kevin Prell, Cheryl Cook, Chris Kelly, Paul McAlenney and Phil Schulz were present. Town and Board of Education staff members in attendance included Burke LaClair, Board of Education Business Manager and Sean Kimball, Director of Finance/Treasurer. Chris Rowlin, Tyler Polk and Richard Carey were present for Fiduciary Investment Advisors.

### **II. Review of Minutes**

#### **a) Special Meeting, February 22, 2017**

There were no changes to the February 22, 2017 minutes as filed.

### **III. Review of Governance Calendars and First Quarter 2017 Performance – All Plans**

Mr. Rowlin reviewed portions of a document entitled “Town of Simsbury Retirement Plans, Quarterly Investment Review, First Quarter 2017.” He noted that the United States equities experienced a recovery in the fourth quarter of 2016 and that the markets rallied on a global basis in the first quarter of 2017, with large capitalization stocks outperforming mid- and small-capitalization stocks. International equities also improved sharply in the first quarter. Fixed income struggled in the fourth quarter and corporate bonds outpaced Treasuries in the first quarter.

Mr. Rowlin turned to the Defined Benefit Fiduciary Governance Calendar and focused on defined benefit plan fees, which average to 0.56%. He noted that FIA’s fee is not tied to the performance of any of the managers.

He continued with a review of the defined benefit plans’ allocations and performance, and stated that the plans enjoyed a strong first quarter for investment results. In his review of manager performance, he noted that Aberdeen Emerging Markets I is on “watch” as it was purchased by Standard Life. It will remain on watch pending any changes in the Aberdeen management team. A discussion ensued concerning the inflation protection options with Mr. Rowlin noting that while the current manager line-

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8:30 – 1:00 Friday

up may have resulted in some historical drag on total performance, they are now in a position to add value.

Overall, he noted that the current environment was more favorable to active management and that active managers in turn are more focused on fundamentals and less focused on Fed policy.

#### **IV. Review of and Possible Action on OPEB Investment Policy Statement and Information on Active Management**

Mr. Rowlinson moved on to review a document entitled “Simsbury OPEB, Portfolio Discussion – First Quarter 2017.” He noted that with respect to large capitalization stocks, active management consistently underperform against the S&P 500 Index, noting that the large cap investments in both the defined benefit plans and the OPEB Trust were appropriate. He further stated that the result was different for other equities and for bonds. Discussion ensued concerning the possibility of moving to active management of the OPEB Trust while retaining a passive approach to domestic equities. The Sub-Committee also discussed the possible inclusion of TIPs and the extent to which the OPEB Trust investment strategy should mirror the defined benefit plan strategy. The Sub-Committee asked FIA to prepare a proposed manager line-up and to explain any the basis for any differences between the proposed line-up and the existing defined benefit plan manager line-up. It also requested a line-up with active management of all classes including domestic equities.

Mr. Cooke presented a proposed revision to the Investment Policy Statement which incorporated the previously approved change to a 65%/35% equity to fixed income mix. He noted that the proposed IPS otherwise did not differ in any material respect from the prior IPS.

**Mr. Kelly moved approval of the revised Investment Policy Statement. Mr. Peterson seconded the motion and it passed unanimously.**

The Sub-Committee returned to a review of the defined contribution plans, and Mr. Polk proceeded to review a document entitled “Simsbury DC, Quarterly Investment Review – First Quarter 2017.” In keeping with the governance calendar, Mr. Polk reviewed plan fees and a discussion ensued concerning the costs associated with maintenance of the General Account. After a lengthy discussion which included a discussion of a possible RFP for the defined contribution plans custodian, the Sub-Committee asked Mr. Polk to ask MassMutual for proposed revisions to the program which would include an alternative to the General Account option and reduce plan fees.

#### **V. Adjourn**

**Mr. Prell moved to adjourn the meeting. Ms. Cook seconded the motion and it passed unanimously.** The meeting adjourned at 8:50 a.m.

Respectfully submitted,  
Thomas F. Cooke  
Director of Administrative Services  
Administrative Chair