

Minutes of the Retirement Commission Meeting
Aug. 11, 2010 – Town Hall – 7:30 p.m.

Members present: Matt Falkowski, Tom Frenaye, Christine Davidson, Alison Boyd, Dan Sheridan Absent: E. Remington, B. Kost. R. Burrell
Also present: Human Resources Director Joyce Feeney, Marion Griffin, CFA, Prudential, L. Denning Shea

Chairman Matt Falkowski called the meeting to order at 7:30 p.m.

Citizen Input: None

Minutes – Mr. Frenaye moved to approve the minutes of the Special Meeting May 13, 2010; Ms. Boyd seconded. The minutes were approved by unanimous vote.

Investment Review – Marion Griffin CFA, Prudential was present and distributed to the commission, Asset Allocation Review, Town of Suffield, performance results as of June 30 2010. She introduced her associate Linda Henning Shea.

She noted the chart reflecting Net Dollar Weighted, Rates of Return, and pointed out that the three months shows a negative -5.78%. It is quite a turn from where we were first quarter. As of June 30, 2010, the Status of Assets shows Equity 52.09%, Real Estate 3.00 and Fixed Income 44.92 %, the total assets \$16,875,698. This is up from where we were a year ago. The Long-Term Strategy allocations are Equity 55%, Real Estate 5% and Fixed Income 40%. We have not done any re-balancing because she wants to discuss her recommendations with the Commission. We have not come back to the Assets as of June 07 or June 08. This reflects all the assets, both Prudential and Bank of America.

Assessment of the Long Term Strategy - Page 8 is a summary of the long term strategy, and she reviewed some of the constraints. Page 9 is just a comparison between the allocation as of June 30, 2009 and as of June 30, 2010. We had a net cash flow of \$141,387 and earnings of \$1,138,242. Mr. Falkowski asked if the Town has made the contribution, and Christine Davidson stated that Suffield has paid the contribution as budgeted. Page 10 shows the 2009 Actuarial Valuation Data as prepared by T. Ryor, Hooker & Holcomb, Inc. All this data is under the assumption that the assets are going to grow at 7.5% year to year. The 40% we have currently for fixed income is appropriate.

Different portfolios over the one year, three year, and five year and ten year time horizon were noted and reviewed. Page 15 denotes an assessment of Investment Options as of 6/30/2010. Page 16, Executive Summary, notes the funds and you can see if they meet the performance criteria. She distributed a White Paper, Revisiting the Case for Commercial Real Estate, as information for the Commission. There are no funds on the watch list. She is offering up three options for the Commission's consideration: 1} Consider whether or not you want to look at the Templeton Foreign, 2} Do you want to look at an alternate portfolio, increasing your international to 15% and 3} Rebalancing back into Real Estate back to 5%.

Mr. Falkowski: Are the options time sensitive, or can we wait until the fall meeting to discuss and possibly make a decision.

Ms. Griffin: I think you can wait.

Investment Policy Statement: Mr. Falkowski stated that an Investment Policy Statement review should be done every year. Ms. Davidson reviewed the minor changes in the most up to date drafted policy emailed to Commission members this afternoon prior to the meeting and believes it is in order.. She stated that she has not ever signed a policy statement and she feels it is important to have an up to date and signed policy. She moved that the Retirement Commission sign the Investment Policy as documented Aug. 11, 2010; Mr. Frenaye seconded. The motion was approved by unanimous vote. The secretary will make a copy of the signed document and will file it with the Town Clerk, a signed copy was requested by Ms. Griffin, and the original document will go to the Director of Finance.

Ms. Griffin presented the Commission with The Letter, (the contract with Prudential and the Town of Suffield) for their services and fee schedules. The First Selectman Tom Frenaye and the Treasurer Christine Davidson will review and sign The Letter if all is in order and appropriate. Ms. Griffin needs three signed copies returned and she will give the Town a copy of the signed document.

Chairman Falkowski thanked Ms. Griffin for her presentation.

Investment Fee Review – Estimated Investment Fees - Mr. Frenaye noted that in response to a concern raised at the last meeting, should the Town investigate to see if other institutions charge less fees? Mr. Frenaye reviewed the memo from Director of Finance Deborah Cerrato that reported the investment fees for the pension investments held by Prudential and for Bank of America. The estimates are for the investment fees and services only. The plan incurs additional fees for the monthly processing of retiree benefits and lump sum payments made from the plan.

Ms. Cerrato reported that if any changes were to be made to the plan, a Request for Proposal would need to be prepared and firms interviewed. Mr. Falkowski stated that one reason for using just one institution, 12 years ago, is that Cigna was cutting the pension checks, and the Commission wanted to continue this service, and not use another facility and find that the pension checks were not being handled properly. When we used just Cigna, everything was invested in all mutual funds. We then chose to go out with a RFP so that we could have an outside money manager. It may be a good thing to go out with a RFP. Ms. Davidson reviewed the process that took place for the OPEB (Other Post Employment Benefits) Trust Investments.

Mr. Frenaye stated that nothing prevents money from going back and forth between the two banks. Ms. Davidson is not sure we need to do an RFP. The Commission could just consolidate the funds. Mr. Frenaye stated that if we have not done an RFP for these services in recent years, maybe it would be appropriate to do it. It would not hurt to see how our fees compare with services offered by other institutions.

The Commission took the issue of should the Town send out an RFP under advisement. Mr. Frenaye volunteered to work with the Director of Finance to look at this issue. We will also explore the process if the Town would wish to consolidate the dollar amounts.

Actuarial Valuation – Assumption Review/ Change * (Agenda Item for Nov. meeting)

The Commission reviewed and discussed the current 4 year asset “smoothing” and a possible change to 5 year asset “smoothing”. Mr. Frenaye stated that if we moved to the 5 year asset “smoothing”, the Annual Retirement Contribution (ARC) would be approximately \$27,000 less and if we changed from 15 year amortization, to 20 years, it would be approximately \$70,000 less.

Ms. Davidson stated that the budget had allocated and has been paid, the ARC of \$966,000 for this year. If we changed, it would be for subsequent years. After a discussion, the Commission took no action, and the Chairman noted that this would be an Agenda Item for the Nov. 10 meeting. No action was taken, therefore the Report can be finalized and issued.

The Commission will continue to meet at 7:30 p.m. and the next meeting is Nov. 10.

The meeting was adjourned at 8:45 p.m.

Respectfully submitted, Bobbie C. Kling, Secretary

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