

PENSION COMMISSION REGULAR MEETING
TUESDAY, November 14, 2017
FIRST SELECTMEN'S OFFICE – TOWN HALL
7:00 P.M.

Members Present: J. Manes, P. Perusse, M. Dunn, J. Morosani. D. T. Wilson entered the meeting following the Benefit Elections. Also Present: Erich Marriott.

Minutes: J. Manes made a motion to approve the minutes of October 10, 2017. Seconded by M. Dunn. All voted aye.

Discussion of Revision to Investment Fee Schedule, Investment Holdings, and Rebalancing Procedure: As promised at the October 10 meeting, P. Carlson of Union Savings Bank (USB) sent the Commission information to review on investment holdings. Upon discussion and review, J. Morosani made the following motion: The Commission will 1) accept the revised fee program offered by USB at the October 10 meeting, 2) accept the proposed Portfolio 3 as shown in the attached Appendix 1, and 3) agree to target an equity/fixed income ratio of the portfolio at 60% equity/40% fixed income, and rebalance the portfolio to that ratio when the equity portion exceeds 65% or falls below 55%. M. Dunn seconded the motion, and all voted in favor. M. Dunn made a motion make changes in the Investment Policy Statement sufficient to bring the policy in agreement with the new rebalancing algorithm.

Benefit Election: Helen Danner, a Merit Services participant, elected to receive a life annuity without death benefit in the amount of \$165.00 per month commencing October 1, 2017. In addition she will receive a lump sum payment of \$2,970.00 to make up for missed payments from 4/1/16 through 9/30/17. J. Manes made a motion to approve, seconded by M. Dunn. All voted aye. Michael Mosakowski, a Merit Services participant, elected to receive a life annuity without death benefit to begin 11/1/2017 in the amount of \$330.00 per month. J. Manes made a motion to approve, seconded by M. Dunn. All voted aye. Phillip Rebehn, a Muni Employee, elected to receive a life annuity without death benefit of \$2,376.17 to begin 12/1/17. M. Dunn made a motion to approve, seconded by J. Manes. All voted aye.

Review of RFP submittals: The Commission reviewed the RFD proposals submitted by Carmody Torrance Sandak & Hennessey, LLP, Pullman & Comley, LLC, and Shipman & Goodwin, LLP. The Commission decided to invite Pullman & Comley and Shipman and Gooding, LLP to present to the Commission at the December 5, 2017 meeting.

Communications: P. Perusse announced that J. Morosani intends to resign from the Commission following the completion of the review of the Muni/Merit Services Plans.

Next Meeting: The next meeting will be on December 5, 2017.

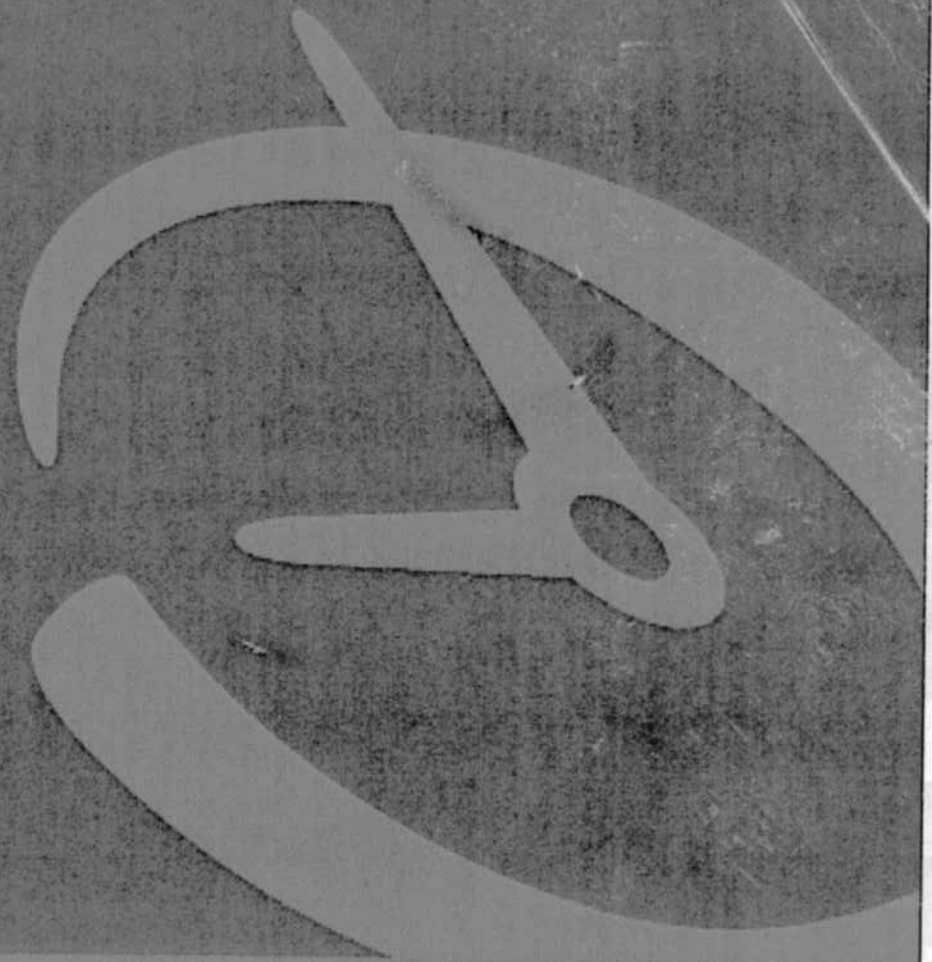
At 7:40 p.m. M. Dunn moved to adjourn. Seconded by J. Manes. All voted aye.

Respectfully submitted,

John Morosani
Secretary



Town of Litchfield



Presented on: October 10, 2017



Agenda

1. Market Overview
2. Asset Allocation
3. Portfolio Holdings & Statistics
4. Investment Performance

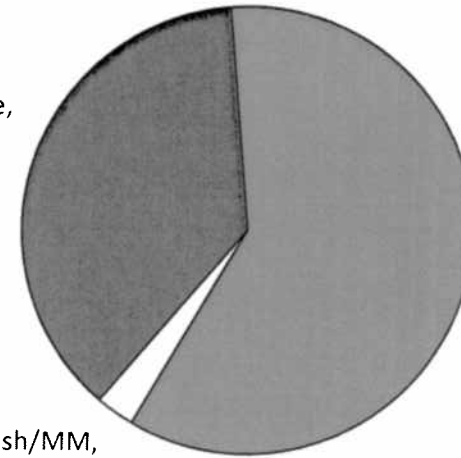
Asset Allocation: *as of 9/30/2017*

Town of Litchfield Municipal Employees' & Merit Service Retirement Plan

Summary of Account

	Calendar YTD [1/1/2017 – 9/30/2017]	Fiscal Year [7/1/2017 – 9/30/2017]	Three Years [10/1/2014 – 9/30/2017]
Beginning Market Value	\$15,566,966	\$16,991,669	\$14,138,403
Receipts	11.2 \$1,457,624	+ 370 \$535,520	\$3,572,146
Disbursements	85K/mo (\$786,375)	(\$270,314)	(\$2,940,826)
Gain/Loss	\$1,551,031	\$532,371	\$3,019,523
Ending Market Value	\$17,789,246	\$17,789,246	\$17,789,246

Fixed Income,
\$6,654,647,
37.4%



Equity,
\$10,638,676,
59.8%

Cash/MM,
\$495,923,
2.8%

Asset Allocation

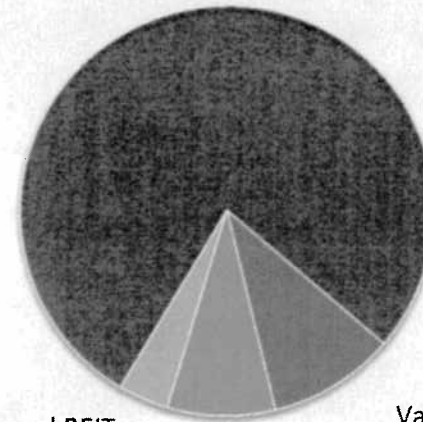
	<u>Actual</u>	<u>Target</u>
Cash/Fixed Income	40.2%	40.0%
Equity	59.8%	60.0%

Equity Allocation: *as of 9/30/2017*

Town of Litchfield Municipal Employees' & Merit Service Retirement Plan

	Portfolio Allocation	Policy Target
	(% of Portfolio)	
U.S. Equities	46.4%	46.0%
REIT	2.4%	3.0%
Developed International	5.9%	6.0%
Emerging Markets	5.1%	5.0%
Totals	59.8%	60.0%

iShares Russell
3000 Index,
\$8,262,947,
77.7%



Vanguard REIT
Index, \$420,435,
4.0%

Vanguard
Emerging
Markets Index,
\$898,726, 8.4%

Vanguard
Developed
Markets Index,
\$1,056,568, 9.9%

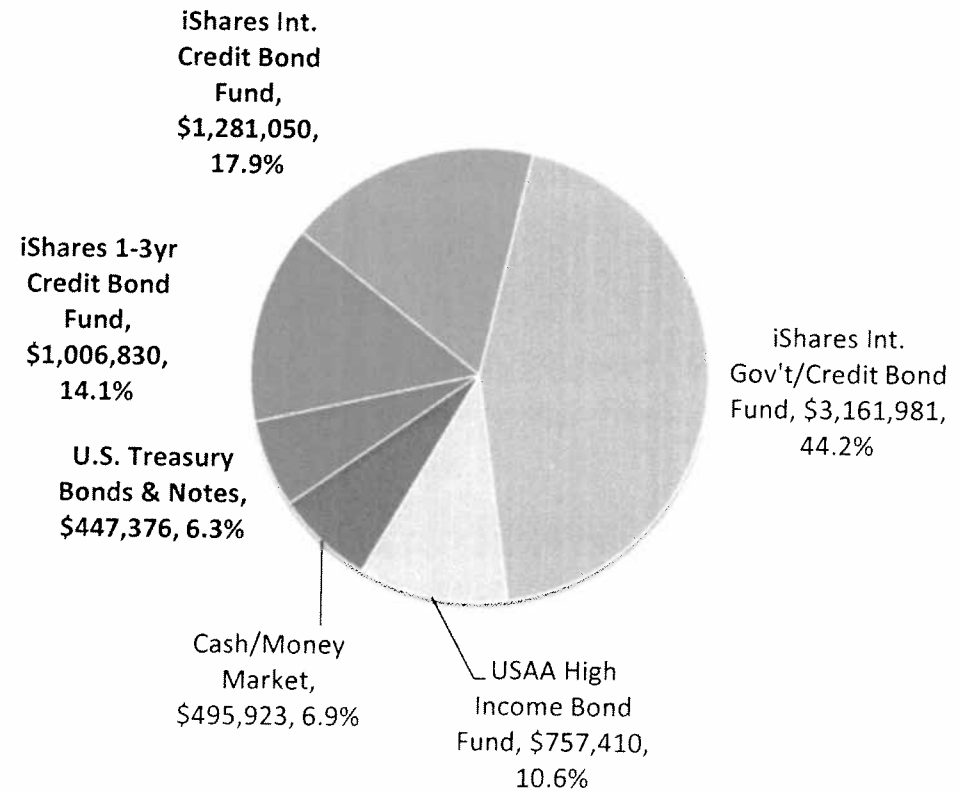
	Portfolio Allocation	Policy Benchmark
Large	73.0%	73.0%
Mid	19.0%	19.0%
Small	8.0%	8.0%

Fixed Income Allocation: *as of 9/30/2017*

Town of Litchfield Municipal Employees' & Merit Service Retirement Plan

	Portfolio Allocation	Policy Target
	(% of Portfolio)	
High Quality	33.1%	33.0%
High Yield	4.3%	5.0%
Cash Equivalents	2.8%	2.0%
Totals	40.2%	40.0%

	Fixed Income Portfolio	Policy Benchmark*
Yield	2.27%	2.20%
Duration (yrs)	3.60	3.95
Credit Rating (Moody's/S&P)	A1/A+	Aa3/AA-



*87% Barclays Int. Gov't/Credit Index & 13% Barclays High Yield Corporate Index
Positions outside policy benchmarks in Bold

TOWN OF LITCHFIELD - CONSOLIDATED

Investment Performance as of 9/30/17

Asset Class	Minimum	Policy Target (PT)	PT % of Class	Maximum	Month Ended 9/30/2017			Month Ended 9/30/2017		QTD 7/1/2017 - 9/30/2017		YTD 1/1/2017 - 9/30/2017		Fiscal YTD 7/1/2017 - 9/30/2017		New Strategy Implementation 1/1/2013 - 9/30/2017*		Index
					Portfolio Allocation (PA)	PA % of Class	Market Value	Asset Return	Benchmark Return	Asset Return	Benchmark Return	Asset Return	Benchmark Return	Asset Return	Benchmark Return	Asset Return	Benchmark Return	
Total Equities	55.0%	60.0%	100.0%	65.0%	59.8%	100.0%	\$ 10,638,676	2.07%	2.02%	4.75%	4.73%	14.77%	15.14%	4.75%	4.73%	9.80%	10.02%	
US Equities	41.0%	46.0%	76.7%	51.0%	46.4%	77.7%	\$ 8,262,947	2.46%	2.44%	4.54%	4.57%	13.68%	13.91%	4.54%	4.57%	11.39%	11.54%	Russe
REIT	0.0%	3.0%	5.0%	5.0%	2.4%	4.0%	\$ 420,435	-0.11%	-0.10%	0.87%	0.93%	3.45%	3.61%	0.87%	0.93%	9.36%	8.71%	MSCI Pre 8
International Equities:																		
Developed Economies	2.0%	6.0%	10.0%	11.0%	5.9%	9.9%	\$ 1,056,568	2.40%	2.47%	5.49%	5.32%	21.01%	20.61%	5.49%	5.32%	4.49%	4.44%	FTSE Pre 8
Emerging Economies	0.0%	5.0%	8.3%	10.0%	5.1%	8.4%	\$ 898,726	-0.80%	-1.03%	7.77%	7.88%	23.60%	23.77%	7.77%	7.88%	3.20%	3.79%	FTSE Pre 8
Total Fixed Income	35.0%	40.0%	100.0%	45.0%	40.2%	100.0%	\$ 7,150,571	-0.20%	-0.26%	0.72%	0.76%	2.65%	2.83%	0.72%	0.76%	1.88%	2.40%	
High Quality Bond **	28.0%	33.0%	82.5%	38.0%	33.2%	82.5%	\$ 5,897,742	-0.33%	-0.45%	0.65%	0.60%	2.24%	2.34%	0.65%	0.60%	1.88%	2.03%	Barcl
High Yield Bond	0.0%	5.0%	12.5%	10.0%	4.3%	10.6%	\$ 757,410	0.75%	0.90%	1.53%	1.98%	6.21%	7.00%	1.53%	1.98%	3.57%	5.64%	Barcl
Cash Equivalents	2.0%	2.0%	5.0%	15.0%	2.8%	6.9%	\$ 495,419	0.02%	0.09%	0.12%	0.26%	0.33%	0.63%	0.12%	0.26%	0.28%	0.27%	90-D:

\$ 17,789,247

Gross of Fees	Account Performance - Gross of USB Fees	1.14%	3.12%	9.81%	3.12%	6.77%
	Blended Benchmark (based on Policy Targets)	1.11%	3.14%	9.91%	3.14%	7.09%
	Deviation to Benchmark	0.03%	-0.02%	-0.10%	-0.02%	-0.32%
	Target Expected Deviation to Benchmark (Gross)	-0.02% to -0.04%	-0.06% to -0.11%	-0.19% to -0.34%	-0.06% to -0.11%	-0.25% to -0.45%
Net of Fees	Account Performance Performance - Net of Fees	1.10%	3.00%	9.43%	3.00%	6.27%
	Deviation to Benchmark	-0.01%	-0.14%	-0.48%	-0.14%	-0.82%
	Target Expected Deviation to Benchmark (Net)	-0.06% to -0.08%	-0.19% to -0.24%	-0.56% to -0.71%	-0.19% to -0.24%	-0.75% to -0.95%

* Asset returns may not represent entire column period.

** Certificates of Deposit with maturities greater than 1 year are included in High Quality Bonds.

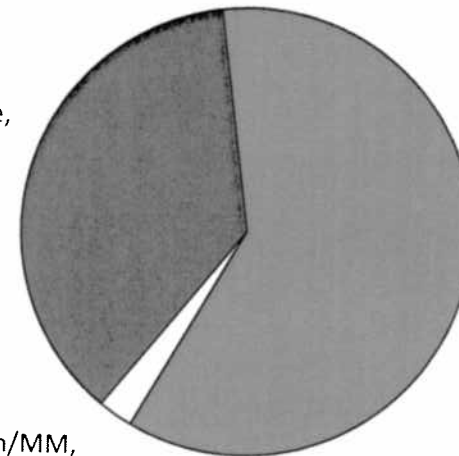
Asset Allocation: *as of 9/30/2017*

Town of Litchfield Board of Education OPEB Fund

Summary of Account

	Calendar YTD [1/1/2017 - 9/30/2017]	Fiscal Year [7/1/2017 - 9/30/2017]	Three Years [10/1/2014 - 9/30/2017]
Beginning Market Value	\$1,214,204	\$1,289,276	\$879,698
Receipts	\$0	\$0	\$244,093
Disbursements	\$(4,457)	\$(1,523)	(\$14,842)
Gain/Loss	\$118,277	\$40,271	\$219,075
Ending Market Value	\$1,328,024	\$1,328,024	\$1,328,024

Fixed Income,
\$492,578,
37.1%



Equity,
\$802,072,
60.4%

Cash/MM,
\$33,374, 2.5%

Asset Allocation

	<u>Actual</u>	<u>Target</u>
Cash/Fixed Income	39.6%	40.0%
Equity	60.4%	60.0%

TOWN OF LITCHFIELD - OPEB

Investment Performance as of 9/30/17

Asset Class	Minimum	Policy Target (PT)	PT % of Class	Maximum	Month Ended 9/30/2017			Month Ended 9/30/2017		QTD 7/1/2017 - 9/30/2017		YTD 1/1/2017 - 9/30/2017		Fiscal YTD 7/1/2017 - 9/30/2017		New Strategy Implementation 11/1/2013 - 9/30/2017*		Index
					Portfolio Allocation (PA)	PA % of Class	Market Value	Asset Return	Benchmark Return	Asset Return	Benchmark Return	Asset Return	Benchmark Return	Asset Return	Benchmark Return	Asset Return	Benchmark Return	
Total Equities	55.0%	60.0%	100.0%	65.0%	60.4%	100.0%	\$ 802,072	2.07%	2.02%	4.75%	4.73%	14.70%	15.14%	4.75%	4.73%	9.80%	10.02%	
US Equities	41.0%	46.0%	76.7%	51.0%	46.8%	77.5%	\$ 621,453	2.46%	2.44%	4.54%	4.57%	13.68%	13.91%	4.54%	4.57%	11.37%	11.54%	Russe
REIT	0.0%	3.0%	5.0%	5.0%	2.4%	4.0%	\$ 32,239	-0.12%	-0.10%	0.85%	0.93%	3.44%	3.61%	0.85%	0.93%	9.20%	8.71%	MSCI Pre 8,
International Equities:																		
Developed Economies	2.0%	6.0%	10.0%	11.0%	6.0%	10.0%	\$ 80,203	2.40%	2.47%	5.49%	5.32%	21.01%	20.61%	5.49%	5.32%	4.50%	4.44%	FTSE I Pre 8
Emerging Economies	0.0%	5.0%	8.3%	10.0%	5.1%	8.5%	\$ 68,177	-0.80%	-1.03%	7.77%	7.88%	23.60%	23.77%	7.77%	7.88%	3.20%	3.79%	FTSE I Pre 8,
Total Fixed Income	35.0%	40.0%	100.0%	45.0%	39.6%	100.0%	\$ 525,952	-0.19%	-0.26%	0.70%	0.76%	2.58%	2.83%	0.70%	0.76%	1.84%	2.40%	
High Quality Bond	28.0%	33.0%	82.5%	38.0%	32.4%	81.7%	\$ 429,963	-0.33%	-0.45%	0.66%	0.60%	2.29%	2.34%	0.66%	0.60%	1.86%	2.03%	Barcl
High Yield Bond	0.0%	5.0%	12.5%	10.0%	4.3%	10.8%	\$ 56,680	0.75%	0.90%	1.53%	1.98%	6.21%	7.00%	1.53%	1.98%	3.60%	5.64%	Barcl
Cash Equivalents	2.0%	2.0%	5.0%	15.0%	3.0%	7.5%	\$ 39,309	0.05%	0.09%	0.15%	0.26%	0.36%	0.63%	0.15%	0.26%	0.26%	0.27%	90-Da
Total Market Value							\$ 1,328,024											

Gross of Fees	Account Performance - Gross of USB Fees	1.17%	3.13%	9.76%	3.13%	6.77%
	Blended Benchmark (based on Policy Targets)	1.11%	3.14%	9.91%	3.14%	7.09%
	Deviation to Benchmark	0.06%	-0.01%	-0.15%	-0.01%	-0.32%
	Target Expected Deviation to Benchmark (Gross)	-0.02% to -0.04%	-0.06% to -0.11%	-0.19% to -0.34%	-0.06% to -0.11%	-0.25% to -0.45%
Net of Fees	Account Performance Performance - Net of Fees	1.13%	3.01%	9.37%	3.01%	6.27%
	Deviation to Benchmark	0.02%	-0.13%	-0.54%	-0.13%	-0.82%
	Target Expected Deviation to Benchmark (Net)	-0.06% to -0.08%	-0.19% to -0.24%	-0.56% to -0.71%	-0.19% to -0.24%	-0.75% to -0.95%

* Asset returns may not represent entire column period.