

# Minutes of the Special Meeting of the Region 9 Board of Education Pension Committee

October 26, 2015

*Filed subject to approval*

Attendees: Vance Hancock, Wally King, Jim Sanders, Jeff Mondt and Peggy Sullivan (members of the Pension Committee)

Joe DeRosa – USI Advisors, Lisa Larsen, USI Advisors.

1. Mr. Hancock called the meeting to order at 5:37 p.m. in the Career Center at Joel Barlow High School.
2. Public Comment: None.
3. Motion to approve the August 3, 2015 minutes was made by Mr. Sanders, seconded by Mr. King. Vote: All in favor.
4. Mr. DeRosa gave a brief overview of the general economic conditions. The GDP has been growing, the second quarter growth rate has been increased twice to 3.9%. Retail sales are up 4.9%, and consumer confidence is high. The job market seems to be in better shape, however the job growth is not where it was anticipated. The housing market is doing OK, prices are increasing, the market is still growing, but the growth rate has slowed. Inflation continues to remain low with core inflation below the Fed's expectations. Corporate profits have been negatively impacted by the strong dollar. The Fed is expected to keep rates down, China's growth has slowed which has negatively impacted the global economy.  
Mr. DeRosa referred to page 24 of the quarterly report noting that the fund's investments are in-line with the plan's strategic allocation of 60% equity and 40% fixed income. He also noted, as shown on page 27 of the report that the portfolio incurred a \$342,000 investment loss during the quarter, and a \$253,000 investment loss year to date. Page 40 in the reports shows the portfolio's performance as compared to the benchmarks – the portfolio has underperformed the benchmarks.  
Mr. DeRosa discussed the due diligence updates on page 37 of the report, pointing out how these investments are underperforming as compared to their benchmarks.

**MOTION:** to authorize USI to sell the total holdings in Eaton Vance Core Plus Bond A (currently valued at \$91,881.71) and invest the proceeds in the JP Morgan Core Bond A Fund. Sanders, King. Vote: All in favor.

5. The discussion about the Investment Policy Statement was deferred until the next meeting.
6. Lisa Larsen presented the actuarial report as of July 1, 2015. The recommended contribution to the plan has decreased to \$339,996. She focused on three of the actuarial assumptions used in the calculation of the recommended contribution: salary increase assumptions, the mortality table and the investment return. She noted that the salary projection for the calculations is 5%, but actual salary increases have been 1.5%, the investment return of 7.25% is higher than the rate of return the investments have been earning, and is now at the higher end of comparative plans. There are newer mortality table available for this plan. Ms. Larsen was asked to re-

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calculate the recommended contribution to the plan with several changes in the assumptions: reducing the salary increase to 4%, reducing the investment return to 7.0% and to 6.75%, and using a revised mortality table – the RP2000 generational table. She will send this information to the committee.

7. Public Comment: None.
8. Committee Member Comment: None.
9. Motion to adjourn at 7:20 p.m. was made by Mr. King, seconded by Mr. Hancock, and approved unanimously.

Respectfully submitted,

Peggy Sullivan  
Director of Finance & Operations