

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

July 28, 2014

Filed subject to approval

Attendees: Vance Hancock, Walter King, Peggy Sullivan and Jeff Mondt (members of the Pension Committee), Alba Tedone (Investment Advisor with USI Consulting Group) and John O'Connor with 3D Asset Management..

1. Mr. Hancock called the meeting to order at 5:35 p.m. in the Career Center at Joel Barlow High School.
2. Motion to approve minutes of the April 28, 2014 meeting was made by Mr. King, seconded by Mr. Mondt, and approved 3-0 with Mr. Mondt abstaining.
3. Public Comment: None.
4. Mr. O'Connor introduced himself, his firm, 3D Asset Management, and the DFA funds that they manage. Mr. O'Connor explained the DFA investment strategy of following internally developed, self-built indices and following a quantitative strategy to portfolio building. The Region 9 pension plan is invested in 12 portfolios within DFA and has shown a return of 4.6% since the initial investment in 2006, and a return of 22.9% over the past 12 months.
5. Ms. Tedone reviewed highlights of the second quarter ended June 30, 2014 as detailed in USI Advisors, Inc.'s Investment Review June 30, 2014 for Easton-Redding Regional School District #9 Retirement Plan which had previously been distributed to the committee.
6. Ms. Tedone highlighted various economic information from page 4 of the report. GDP grew at a disappointing -2.9% in the first quarter of 2014 as a result of drawdowns in inventory and a decrease in personal consumption. Medical spending was up for the quarter. Both consumer sentiment and consumer confidence reflect not only current conditions but also expectations. Both indices are positive. Consumers are pretty confident as reflected by an increase in motor vehicle sales for the quarter. The unemployment rate dropped from 6.7% in the first quarter to the current rate of 6.1%, more than 200,000 jobs are being added each month this year. Inflation continues to not be a concern at this time.
7. Ms. Tedone then reviewed the status and reconciliations of plan assets at June 30, 2014 (Section II) noting the increase from \$4.517 million at Dec. 31 to \$4.633 million at March 31, 2014. The increase reflects investment gains of \$170,877 in the first quarter 2014. The strategic allocation of the assets of 60.2% Equity and 39.75% Fixed Income is within the limits set by the Investment Policy Statement. Ms. Tedone distributed a report showing the current value of the portfolio as of July 28, 2014, with a market value of \$4,608 million.
8. Ms. Tedone answered Mr. Lawton's question at the previous meeting about PIMCO and the Oppenheimer Fund and referred to the research alerts in Section III of the report. USI is currently not concerned about the performance in either fund.

9. Ms. Tedone distribute a fee schedule for the past year showing the fees paid directly to USI totaling \$25,612 and the indirect fees totaling \$13,960. She noted that this schedule does not include fees paid for DFA funds. Mr. O'Connor reported that the DFA fees are 80 basis points.
10. Ms. Tedone noted that pg. 44 shows the portfolio's return for the quarter (3.82%), one year, three years and five years. Ms. Tedone also distributed an asset allocation summary for the plan.
11. The committee discussed the July 2014 annual contribution to the plan and agreed to continue with the dollar cost averaging investment strategy for the contribution.
12. The committee deferred the discussion of the investment policy statement until the next meeting.
13. Public Comment: None.
14. Committee Member Comment: None.
15. Motion to adjourn at 7:10 p.m. was made by Mr. King, seconded by Mr. Mondt, and approved unanimously.

Respectfully submitted,

Peggy Sullivan
Director of Finance & Operations

RECEIVED
2014 AUG -1 P 2:48
Jen King
CLERK ASST

Page 2 of 2