

EAST LYME PENSION COMMITTEE MEETING
Of May 19, 2016
MINUTES

FILED IN EAST LYME
CONNECTICUT
6/2 2016 AT 12:55 AM PM
Tesley A. Beavis
EAST LYME TOWN CLERK

Present: M. Nickerson, D. Connolly, R. Fecteau, N. Paciotti, M. Whalen, J. LaFond and B. Hogan
by phone

ABSENT: A. Johnson, P. McDonough

ALSO PRESENT: J. McAraw of Northstar Wealth Partners

Mr. Nickerson called the meeting to order at 3:05pm.

Motion by J LaFond, second by N Paciotti to approve January 21, 2016 minutes. Passed.

Mr. J. McAraw of Northstar Wealth Partners began the discussion noting the new procedure of Anna reporting the monthly financial data rather than Northstar per new Federal guidelines. Anna gets the data from Northstar and then creates the report for the committee. J LaFond suggested that the report be noted quarterly rather than monthly. It was mentioned that the final month is really all that we look at during the meetings. The second e-mail with the current data did not reach everyone so the new April data was given to everyone to update the sheet they had. J. McAraw stated that since March the account has gone a bit low again and it has been a year since the last all time high level.

Mr. McAraw then presented the Morningstar Snapshot data to the committee. There was upward directional trending through 2014 then the Feds stopped support, Congress changed, and spending came to a halt. Now we are in a transitional phase with a massive demographic shift. The Baby Boomers control vast amounts of wealth and are moving towards US dividend companies. There are about 150 of these companies chased after by about 100 million people. He stated that we should start to see an improvement late this year. The market is expected to climb from 17000 to around 25000 over the next few years. There will be short upward spurts and alternating flat times as it grows. Then there will be another bubble and a drop (bear market) back down to about the 19000 level.

J Lafond asked about bonds. J McAraw said that the Town has a 60/40 stocks/bonds ratio strategy. He showed on the Morningstar Snapshot where the stocks are at about 60% with the bonds at about 30% with another 10% in cash—short term bonds are listed in the cash category. He stated that the Town may want to adjust the strategy slightly. Currently the Town is biased toward Large Cap Growth funds and we may want to shift more toward Large Value

funds (Utilities, Proctor & Gamble, J&J, etc.). These have an established long track record of paying dividends.

There was a short discussion of the effective duration of 4.08 years—anything under 5 is good.

The corporate bond market is in a mini crisis because of the energy fluctuation. The bond market needs energy to stay stable.

There was some discussion about the European market—still dropping rates, dividend yields much higher, some countries considering dropping out of the European Union. The dollar has strengthened considerably in the past year.

The Town is doing ok, but should start looking to Value funds in the next couple months. The summer could be volatile. Between now and the next meeting J McAraw will get a report to Anna and then the Town can move forward.

J McAraw had forms for M Nickerson to sign—regulation changes forcing the Town into a government money market fund.

USI invoices were presented by R Fecteau. Motion to approve invoices made by D Connolly and second by B Hogan. Passed—all in favor.

No new retirees to report.

Motion made by N PPaciotti to adjourn meeting. Second by J LaFond. Passed Meeting adjourned 3:40pm.

Next meeting July 21, 2016

Respectfully submitted,

For the Committee:

Renée B. Fecteau