

EAST LYME PENSION COMMITTEE MEETING
Of July 21, 2016
MINUTES

Present: A. Johnson, D. Connolly, R. Fecteau, N. Paciotti, M. Whalen, and B. Hogan by phone

ABSENT: M. Nickerson, J. LaFond

ALSO PRESENT: J. McAraw and Romaine of Northstar Wealth Partners

P. McDonough has resigned.

Ms. Johnson called the meeting to order at 3:13pm.

Motion by D. Connolly, second by N Paciotti to approve May 19, 2016 minutes. Passed.

Mr. J. McAraw of Northstar Wealth Partners began the discussion with a portfolio update.

He noted that in the overview at the last meeting he spoke of shifting from growth to value and today he suggests making a couple changes. Interest rates are near zero and probably will be for quite some time. So he suggests that the Town now turn to dividend paying companies. Not all companies pay dividends. Some small companies pay good dividends. Large simple companies such as Proctor & Gamble are a good stable company, but there is a huge demand for these companies. Tech companies and BIOTech companies had driven growth but are now under performing. In the short term there are three crisis: August market dropped because of a fear of China; February dropped when oil plummeted; July has Great Britain leaving the European Union. The market currently keeps hitting new highs—mid 2014 to now up about 3%; 2015 to now up about 1.5%. Three reasons are: European Union unknown future, dollar strengthened, and oil falling again. The 7% in energy companies is yielding 20% of earnings. The second half of 2016 should be stronger.

Mr. McAraw suggested changing IVY Growth Fund and Black Rock Oppenheimer Fund to American Century Equity Income Fund. Easton Vance Atlanta Capital Small/Mid Cap—currently the top fund at about 10%. At the next meeting or so reduce this by a few percent and feed the value fund. Mr. Paciotti asked if the move to value would reduce total return, what is the return year by year, and is the Town hitting the 7% target? Mr. McAraw said the Town's total return is the goal and they are trying to get as close as possible to the 7%. Some years were over the 7%, lately just under by a very close margin. D. Connolly made a motion to move IVY and Black Rock to American Century Equity Income Fund. Beth Hogan second the motion. There were no questions, motion approved—none opposed. They will add American and then transfer in about one week with August 12, 2016 as the goal date.

FILED

Oct 19 2016 AT 9:40 AM/PM
Karen Gulley, atc
EAST LYME TOWN CLERK

Two new retirees reported—one had retired last year but waited until turning 65 to start receiving benefits.

New Business:

Anna Johnson presented an e-mail from MassMutual regarding a fund class issue. Jay and Romaine will research it to see if it references any of the Town's funds.

D. Connolly asked that since P. McDonough resigned what is the next step for finding a replacement. A. Johnson said that she will discuss it with M. Nickerson.

Motion made by N Paciotti to adjourn meeting. Second by D. Connolly. Passed. Meeting adjourned at 3:46pm.

Next meeting October 20, 2016

Respectfully submitted,

For the Committee:


Renée B. Fecteau