

EAST LYME PENSION COMMITTEE
MEETING OF OCTOBER 24, 2013
MINUTES

PRESENT: Paul Formica, Anna Johnson, Nazz Paciotti, David Connolly, Ray Hart, Jim LaFond by telephone and Beth Hogan entered at 3:12 pm

ABSENT: Renee Fecteau, Paul McDonough and Don Meltabarger

ALSO PRESENT: Mr. J. McArw and Ms. Romaine Macomb of Northstar Wealth Partners

Mr. Formica called the meeting to order at 3:10 pm.

Motion by N Paciotti second by J LaFond to approve July 25, 2013 meeting minutes. Motion passed.

Motion by N Paciotti second by J LaFond to approve August 16, 2013 special meeting minutes. Motion passed.

Motion by N Paciotti second by J LaFond to approve August 26, 2013 special meeting minutes. Motion passed.

Mr. J McArw of Northstar Wealth Partners began by stating that the integration from The Hartford to Mass Mutual system has begun. They are expecting daily access through their web system which will be an improvement.

During the month of October there was a rally on stocks. In an analysis of our portfolio since the transition in May 2010, the annual after fee returns have been between 8-1/2% to 9%. He went on to state the committee's authorization to transfer more funds to cash from the bond portfolio in August 2013 was a smart move. The bond index return since that time has been -.89% to -2.0%

The end of the Bull Market which started in 1982 has officially come to an end in 2013. The 2014 year will be one of transition. Currently US companies have been spending the cash they were holding in dividend increases and the funds the fed has used to stimulate the economy have made their way to the financial markets.

Since 2014 is a mid-term election year it is anticipated that companies will stop paying dividends. More than likely interest rates will increase and decrease as much as 10% during the year, however, ending on the positive side.

In 2015, 2016 and 2017 as we move into the new economy with rising inflation we will need to choose investments with inflation managers.

Ms. Romaine Macomb began a discussion relative to making more changes in our portfolio. The managers they are recommending making changes from are not doing as well as other managers in their peer group. Due to the interest rate decline in the bond market, we need to look at investments that will provide bond like returns without being bond investments. We need to do this for diversification purposes. This will provide a quality trade.

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J LaFond questioned whether this was a reasonable amount of time before making changes since we recently made changes in August 2013 unless it was for a good reason.

Motion by R Hart second by B Hogan to:

Move Invesco Mid Cap Growth A load to Eaton Vance Atlanta Cap
Move Royce Value to Hartford International Small Cap (new investment)
And, move PIMCO to Loomis Sayles Fund

Motion passed.

Ms. Macomb confirmed with Mass Mutual that we can move from our portfolio with them without penalty. While Mass Mutual (MM) has the best Defined Benefit portfolios, our Northstar representatives will begin speaking with others for comparisons. In current discussions with MM our Investment Managers are inquiring regarding fund changes in 2014. It is still best for our portfolio to remain in one place.

Motion by J LaFond second by N Paciotti to approve the \$400 invoice form USI for payment from plan assets. Motion passed.

Motion by R Hart second by N Paciotti to adjourn meeting at 3:40 pm. Motion passed

Respectfully submitted,
For the Committee:

Anna M. Johnson