

**Town of Middletown Pension/OPEB Investment Advisory Committee
Minutes from Regular Meeting – Thursday, May 3, 2012**

A regular meeting of the Pension/OPEB Investment Advisory Committee was held at 10:00 am on Thursday, May 3, 2012, at Middletown Town Hall, 350 East Main Road, Middletown, RI

Pension/OPEB Investment Advisory Committee Members:

Antone Viveiros	Town Council Representative	Present
John Bagwill	Resident	Present
John Finn	Resident	Present
Peter Damon	Resident	Present
Michael Maruska	Police Union Representative	Excused
Lynne Dible	Finance Director - Ex-Officio	Present

Others Present:

Marc Tanguay	Deputy Finance Director	Present
Michael Lynch	PSolve	Present

Agenda:

Review of Pension Investment Portfolio as of 3/31/2012:

Michael Lynch of P-Solve, the Town’s investment advisor, reviewed the Quarterly Investment Report as of 03/31/2012, with the Committee. He explained how equities were up sharply around the world in the first quarter of the year as were commodities and real estate. U.S. Treasuries were flat to down during the period. The first quarter of 2012 was one of the best for U.S. equities since 2009. The global equity markets also experienced one of the best first quarters in several years. Corporate earnings continued to grow, as investors continue to watch the unemployment rate, housing, energy costs and corporate earnings growth.

The Committee discussed adding the reporting of results over a 10-year period. Discussions took place relative to strategically reducing international equity exposure in favor of more domestic equity exposure.

1. For the quarter ended 03/31/2012, the equity portfolio gained 11.9%, the Hancock GAC contract provided a gain of 1.3% for the quarter, with the overall portfolio reporting a + 8.4% return.

2. Total Assets as of 03/31/2012:

Category	Market Value	% of Portfolio
a. Equity	\$23,571,218	56%
b. Fixed Income	\$14,435,154	34%
c. Dynamic Asset Allocation (DAA)*	\$ 4,101,362	10%
d. Cash	<u>\$ 128,913</u>	<u>0%</u>
Total	\$42,236,647	100%

*The Dynamic Asset Allocation (DAA) funds are classified as domestic equity but may invest a portion of their portfolios in other asset classes.

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3. As of 03/31/2012, the Investment Policy Targets, and actual Allocations were:

Asset Class	Target Allocation	Permissible Range	3/31/2012 Allocation
Domestic Equity	50%	40%-60%	47.4%
International Equity	10%	0%-20%	17.2%
Domestic Fixed Income	40%	30%-60%	35.1%
Cash	0%	0%-10%	0.3%

Review of the OPEB Trust Investment Portfolio as of 03/31/2012:

1. For the quarter ended 03/31/2012, the overall portfolio reported a + 1.0% return.

2. Total Assets as of 03/31/2012:

Category	Market Value	% of Portfolio
a. Fixed Income	\$ 2,906,427	87%
b. Dynamic Asset Allocation (DAA)	\$ 443,639	13%
Total	\$ 3,350,066	100%

Review of the Experience Study – Town of Middletown Pension Plan 7/1/2006-6/30/2011:

The Committee reviewed the Experience Study prepared by the Town’s Actuaries, BUCK Consultants, in accordance with the recent reporting requirements of the State Pension Commission.

Review of the Investment Plan Strategy - Pension:

The Committee continued the discussion relative to looking at the Investment Policy Statement and working with the Investment Advisor to update the permissible ranges by asset class, and adjust the targets and to bring the Policy Statement current. This will be reviewed at the next meeting

Schedule Next Meeting:

The Committee tentatively scheduled the next quarterly meeting for Wednesday, August 8, 2012 at 10:00 am.

Other Business:

Continued discussions regarding research into different funding methods available for a closed pension. The Committee continues to look at overall Market conditions relative to the upcoming election and possible recession in Europe.

Respectfully submitted,

Lynne S. Dible
Finance Director