

A regular meeting of the Town of West Hartford Pension Board was held on Monday, January 13, 2020 at 7:45 a.m. in Room 217 of Town Hall.

I. Roll Call/Attendance

Present: Chair Nancy Dean, Commissioners Eric Halpern, Alan Lebow, Brittany Bermingham, and Lazaro Guzman (by telephone), Peter Privitera, Director of Finance, Rick Ledwith, Executive Director of Human Resources, and Lori Kearney, Clerk.

Guests: Mayor Shari Cantor, Chris Kachmar and Matt Kaminski, FIA, Paula Knake, Benefit Coordinator, Becky Sielman, Jen Castelhana, and Yelena Pelletier, Milliman

Absent: Lee Gold, Town Council and Matt Hart, Town Manager

II. Chair's Opening Comments

- A. Lazaro Guzman is participating by telephone.
- B. The meeting will start with Formal Actions.

III. Formal Actions

A. Minutes

- 1. Approval of the minutes for the special meeting on Monday, December 16, 2019.
Motion by Brittany Bermingham to approve the minutes for the special meeting on Monday, December 16, 2019. (Second/Peter Privitera)
It was unanimously voted to approve the minutes for the special meeting on Monday, December 16, 2019.

B. Pension Administration

Rick indicated that the memberships and terminations up for Board review were routine actions. He provided a summary of the two pending disability retirements presented for the Board's consideration.

Motion by Peter Privitera to approve pension administration. (Second/Eric Halpern)

- 1. Memberships
It was unanimously voted to approve membership for Agim Cezmalli, BOE; Patricia Fanelli, BOE; Stephanie Hannigan, Police; Timothy Reardon Jr., Police; Janelys Salazar, BOE; Jack Sanford, Police; Michael Schultz, Leisure Services; Lawrence Terra, Police; Ylli Xhikneli, BOE.
- 2. Terminations and Refunds
It was unanimously voted to approve terminations and refunds for: Amanda Hull, BOE; Frank Duncan, BOE; Kristen Zucks, BOE; Christopher Dippolino, BOE.
- 3. Applications for Approval
 - a. **It was unanimously voted to approve a vested interest application for Kim Holden, Public Works.**
 - b. **It was unanimously voted to approve a normal retirement application for Jose Bettencourt, Plant Services and Mark Tracy, Plant Services.**
 - c. **It was unanimously voted to approve a disability retirement application for Norman Arter, Plant Services and Robert Roy, Plant Services.**

C. Invoices for Consideration – no invoices for consideration

IV. Peter Privitera, Director of Finance

A. Milliman valuation– Becky Sielman

- 1. Scenario 1

- a. Pension Board asked Milliman to determine the pension contribution using a discount rate assumption of 6.99% and the new mortality tables. Under these assumptions, the actuarially determined contribution is 26.5 million.
 - b. Peter noted that there would be an increase in liability of 3.3 million as a result of changing the discount rate to 6.99% and using the new mortality tables. Milliman suggested adjusting the amortization growth rate from 1.75% to 2.75% which smooths out that liability and results in a significant reduction in the actuarially determined contribution.
 - c. This scenario shows total normal costs declining initially as Part B retirements are replaced with Part E employees (lower plan cost). The normal cost then begins to increase as a result of pay rate increases over time for the existing individual members.
 - d. The funded ratio will increase very slowly.
 - e. The liability increase is largely due to applying the new mortality tables.
 - f. Issuance of pension obligation bonds still to be determined.
2. Scenario 2
- a. Pension Board asked Milliman to show the impact to liability as the discount rate assumption decreases and reaches the target of 6.5%.
 - b. The exhibit shows the increase in accrued liability resulting from the decrease in discount rate.
 - c. Can the Town support the increased liability under this assumption?
 - d. Peter noted that the issuance of pension obligation bonds will address past service liability. It will not touch the normal cost.

- V. Chris Kachmar and Matt Kaminski, Investment Review, FIA
- A. Review of asset allocation
 - 1. Current 70/30 mix (equity/fixed)
 - 2. Most aggressive mix of their Connecticut clients is 85/15 (equity/fixed)
 - B. Current portfolio target allocation
 - 1. Fixed income allocation: 28.1% current versus 30% target
 - 2. Domestic equity: 45.1% current versus 43.5% target
Portfolio has more domestic than global. Relatively balanced between value and growth.
 - 3. International equity: 22.2% current versus 21.5% target
 - 4. Real estate: 4.6% current versus 5% target
 - C. FIA inclined to a more active approach in fixed income, supports 70/30 mix, and endorses ongoing discussion to reduce discount rate.
 - D. Pending action item: review rebalancing language in Investment Policy Statement.
 - E. Eric recommends rebalancing automatically. He is a proponent of more indexing.
 - F. When is rebalancing triggered? What is the formal reaction to that trigger?
 - G. A review of the Investment Policy Statement may be included on the February agenda.
 - H. FIA believes the Town utilizes indexing where appropriate.
 - I. The amount of indexing versus active management for further consideration.
- VI. Brittany Bermingham, Assistant Zoning Enforcement Officer, Town Matters
- A. No report
- VII. Rick Ledwith
- A. Meeting schedule for 2020

VIII. New Business
No new business

IX. Adjournment

Motion by Alan Lebow to adjourn meeting at 9:51 a.m. (Second/Brittany Bermingham)
It was unanimously voted to adjourn.

Attest:



Lori Kearney, Clerk of the Board