

**A virtual special meeting of the Town of West Hartford Pension Board was held on
Monday, April 20, 2020 at 7:45 a.m.**

Meeting made available live on West Hartford Community Interactive: Comcast Channel 5, Frontier TV Channel 6098, YouTube, and www.whctv.org

The meeting was called to order at 7:54 a.m.

I. Roll Call/Attendance

Pension Board Members: Chair Nancy Dean, Commissioners Eric Halpern, Alan Lebow, Brittany Bermingham, and Lazaro Guzman, and Peter Privitera, Director of Finance

Participants/Guests: Mayor Shari Cantor, Matt Hart, Town Manager, Rick Ledwith, Executive Director of Human Resources, Chris Kachmar, CIO and Managing Partner, FIA, Lori Kearney, Clerk of the Board, Dallas Dodge, Corporation Counsel, Yeraida Reinheimer, Executive Assistant to the Town Manager, and Jennifer Evans, Executive Director of WH Community Television

Absent: Lee Gold, Town Council

II. Chair's Opening Comments

- A. Review of rules of decorum and procedure for the virtual meeting in accordance with Governor Lamont's Executive Order #7B permitting municipalities to conduct public meetings virtually during the COVID-19 pandemic.
- B. Agenda item III B will be addressed first followed by formal action V B.
- C. Welcome, and thank you to those individuals involved in the scheduling and recording of this virtual special meeting.

III. Peter Privitera, Director of Finance

- A. Discussion regarding amending the approved ADEC assumptions for Fiscal Year ending 6/30/2021
 - 1. At the special meeting held on December 16, 2019, the Pension Board voted to approve the use of the Pub-2010 mortality table, the MP Ultimate mortality improvement scale, a 6.99% discount rate, and a 2.75% amortization growth rate. The result was a \$1.1 million increase in the ADEC for next Fiscal Year 2020 - 2021.
 - 2. To mitigate the tax impact to residents next fiscal year, Milliman was asked to determine the impact to the ADEC if blended mortality rates were phased in over two years. The blend is equal to 50% of the prior assumption (RP-2000 with Scale BB) and 50% of the new assumption (Pub-2010 with Ultimate MP),
 - 3. The third column on exhibit III B provides the impact of maintaining the Board approved discount rate of 6.99% and using the blended mortality tables. The result is an approximate \$889,000 reduction to the ADEC.
 - 4. Mayor Cantor expressed her support for amending the previously approved ADEC assumptions to the 6.99% discount rate with blended mortality rates. She cited this strategy as the best option available to navigate the economic crisis faced by businesses and residents resulting from the pandemic and to keep the Pension Plan healthy.
 - 5. Town Manager Hart offered his support for the proposal presented to the Pension Board. Addressing the ADEC as proposed would assist in managing the tax burden on taxpayers.

Motion by Chair Dean for the Pension Board to approve the actions associated with columnn three in exhibit III B and use blended mortality tables and the previously approved 6.99% discount rate.

6. Eric Halpern requested to hear the investment portion of the meeting prior to discussing the ADEC.
7. Chair Dean indicated the ADEC discussion must continue.
8. Eric Halpern questioned whether blending the mortality tables is deferring cost. Peter confirmed that it would defer the liability.
9. Eric Halpern asked Chris Kachmar to discuss interest rates.
10. Chris Kachmar indicated that the return rate assumptions have been recalculated. The expected return for the portfolio has been reduced from 6.37% to 6 ¼%.
11. Chair Dean called for questions before a vote on the motion was taken. No additional questions were presented.

It was not unanimously voted to approve the use of blended mortality tables and the previously approved 6.99% discount rate. Five in favor, one opposed (Eric Halpern). The motion carried.

B. Cash flow forecast needs for Town of West Hartford Pension Plan for quarters ending 6/30/2020 and 9/30/2020.

1. The Town needs \$2.7 million per month for the last three months of this fiscal year (ending 6/30/2020).

IV. Chris Kachmar, Investment Review, FIA

A. Review of the Plan's current asset allocation to target and accommodating short-term cash needs

1. Portfolio is overweight by 3% on fixed income (actual allocation 32.9%, target allocation 30%). Real estate (Barings) is up nominally over target allocation.
2. Source for liquidity from fixed income strategies taken proportionally from Vanguard and MetWest.
3. Eric Halpern asked for confirmation of the cash flow required for quarter ending 6/30/2020.
4. Peter Privitera confirmed that \$2.7 million per month is needed for the last three months of the fiscal year. The Town forecasts its cash needs for the year and pay its liabilities monthly until the last quarter of the fiscal year. The cash is needed now to balance the books.
5. Chris Kachmar clarified that the Town would source from fixed income exclusively for April and then relook at the cash needs for May and June and source accordingly from overweight positions.
6. Eric Halpern asked where the cash would come from if the \$2.7 million was insufficient.
7. Peter Privitera indicated that the \$2.7 million is a known number.
8. Alan Lebow noted that the real estate fund was above target. He asked for clarification that for May and June, they would look at other funds/equities in the portfolio to maintain target allocations.
9. Chris Kachmar reminded the Board that a 90-day advance notice was required to liquidate the real estate Barings fund. He confirmed that they would look at other funds in the portfolio for cash needs for May and June and source accordingly.
10. Chair Dean called for questions. No other questions were presented. She advised that the next regular meeting of the Pension Board was scheduled for May 11, 2020, and would most likely be held virtually. The portfolio would be reviewed at that meeting.

V. Formal Actions

A. Approval of the minutes for the regular meeting on Monday, February 10, 2020.

Motion by Chair Dean to approve the minutes of the regular meeting on Monday, February 10, 2020.

It was unanimously voted to approve the minutes of the regular meeting on Monday, February 10, 2020. (Eric Halpern abstained as he had not attended the meeting.)

VI. Adjournment

Motion by Chair Dean to adjourn the meeting at 8:40 a.m.

It was unanimously voted to adjourn.

Attest:



Lori Kearney, Clerk of the Board