

**A regular meeting of the Town of West Hartford Pension Board was held on
Monday, January 7, 2019 at 7:45 a.m. in Room 407 of Town Hall.**

Present: Chair Nancy Dean, Commissioners Eric Halpern, Lazaro Guzman, Alan Lebow, and Stephen Schunder, Peter Privitera, Director of Finance, and Rick Ledwith, Executive Director of Human Resources.

Guests: Chris Barnes, Town Council, Mike Alquist, West Hartford Police Lieutenant, Chris Kachmar, Chief Investment Officer, FIA.

Absent: Mayor Shari Cantor

Chair's Opening Comments (2)

Peter Privitera (3), Director of Finance

- A. Pension obligation bond expenditures
1. Preparing for rating agency presentations since the last meeting.
 2. Moody's - negative outlook on Town. Peter is optimistic that the negative outlook will be removed with the rating issue by end of this week.
 3. The interest in issuing pension obligation bonds was not presented to the rating agencies because this course of action has not been fully vetted and approved.
 4. If the Town does issue pension obligation bonds, it will need to be presented to the rating agencies.
- B. Discount rate models
1. Hooker & Holcombe prepared additional discount rate models (Exhibit 3B).
 2. Discussions with prior Pension Board membership focused on reducing the discount rate by 1/8 to 7-1/8% next year and then another 1/8 to 7% for fiscal year 2021.
- C. Average discount rates for Connecticut municipalities (Exhibit 3C)
1. Hooker & Holcombe reviewed Connecticut municipalities' discount rates in 2017. The trend around the state is to lower the discount rate. It is in the Town's best interest to continue decreasing the discount rate. 32% of municipalities use a rate of 7 – 7.24%. The average rate is 6.92% and the median is 7%.
 2. Peter recommends reducing the discount rate by 1/8%.
 3. Eric - supports 6% based on data from the last meeting. He proposes a more aggressive discount rate and getting there over 2 – 3 years if not sooner. He cannot support a reduction to 7-1/8%. The rate needs to be much lower; at least 6%.
 4. Peter - a dramatic drop in the rate means a tremendous impact to the General Fund. Need to balance this against tax increases. If the Board wishes to be more aggressive, that's its prerogative. He needs a decision made to move forward with the valuation.
 5. Lazaro - the Town is moving in the right direction by lowering the discount rate. Given the realities of the budget, we can discuss scenario over several years.
 6. Eric - the Town is not making its full contribution and should not be lowballing the contribution.
 7. Peter - the Town is not lowballing the contribution. He has to look at all competing components of the fiscal year budget keeping in mind tax increases. The decision made by the Board will go back to the Mayor and Town Council.
 8. Steve - from an employee's point of view, there is concern with how it got so underfunded. Employees have been agreeing to plan design changes and increases in contributions. Employees have done their part. The Town is paying the bills but not growing the fund.
 9. Chris Barnes – The Town is paying, but not enough. Perhaps 6% is too low for the next year or two. Not addressing the fundamental issue, just finding a tax number that the

taxpayers can support. Is 1/8% a reasonable adjustment? The decision will go to Town Council.

10. Lazaro – what about 7% rate?
11. Peter – If Council decides 7% is too aggressive, they may not fund it. The Town would be underfunding the plan. This would have disastrous effects on the Town's credit rating.
12. Alan – two questions: What rate should we be at? How quickly should we get there? We should be putting out there a rate that we really think we can earn.
13. Peter – every recommendation the Board makes to Town Council has a fiscal impact. He is looking at it from an overall operating budget perspective.
14. Steve – Employees don't want a burden so high that the pension plan is eliminated.
15. Peter – at the end of the amortization period, we should be fully funded. We are following the recommendations of the actuary.

Motion (Peter Privitera) to approve a decrease in the discount rate to 7-1/8% for FY ending 2020. (Second/Lazaro Guzman)

It was NOT unanimously voted to approve a decrease in the discount rate to 7-1/8% for FY ending 2020.

(Lazaro, Nancy, and Peter in favor. Eric, Steve, and Alan opposed)

Motion (Eric Halpern) to approve a discount rate of 6 ½%. No second/No vote.

Motion (Steve Schunder) to approve a discount rate of 7% for FY ending 2020 (Second/Alan Lebow)

It was NOT unanimously voted to approve a discount rate of 7% for FY ending 2020.

(Steve and Alan in favor. Peter, Nancy, Eric, and Lazaro opposed)

16. Rate discussion tabled; will circle back at end of meeting.

Chris Kachmar (4), FIA, Investment Review

A. Investment Policy Statement

1. Request to remove the word "however" from section III on page 2.

Motion (Eric Halpern) to approve the Investment Policy Statement dated January 7, 2019 (Second/Steve Schunder)

It was unanimously voted to approve the Investment Policy Statement dated January 7, 2019.

2. Revisit Investment Policy Statement every January

B. Portfolio Rebalancing

1. Cash Flow Worksheet – January 2019
 - a. Rebalance portfolio to targets
 - b. Trim Barings (value is a quarter behind)

Motion (Eric Halpern) to approve rebalancing the portfolio and trimming Barings to 5% of portfolio (for quarter ending 3/31/2019) (Second/Steve Schunder)

It was unanimously voted to approve rebalancing the portfolio and trimming Barings to 5% of portfolio (for quarter ending 3/31/2019).

C. Portfolio flash reporting for November

D. 2018 year-end portfolio balances

1. December numbers will be presented at the February meeting.

Stephen Schunder (5), Town Matters

Rick Ledwith (6), Executive Director of Human Resources

A. Meeting schedule for 2019

- B. Amendments to Sections 30-8, 30-12, 30-13A, 30-24H(2)(a), 30-24H(2)(b), 30-24I, 30-24O, 30-27A, and 30-51D and addition of Section 30-33C to the West Hartford Code of Ordinances.

1. Rick confirmed with Corporation Counsel that the changes to the Pension Ordinances presented at the October meeting do not require a vote by the Pension Board.
2. The amendments will be presented to the Town Council.

Formal Actions (7)

A. Minutes

Approval of the minutes for the regular meeting on Monday, November 19, 2018 tabled until the February 11, 2019 meeting pending revision.

1. In Section 4-C1, Eric requested the minutes be amended to read, "The Board is responsible for setting the discount rate and managing the funds."
2. In Section 4-B13, Alan requested the minutes be amended with the addition of his question, "Does all the money raised by pension obligation bonds go to the Pension Fund?" and Peter's response of yes.

B. Pension Administration

Motion (Eric Halpern) to approve pension administration. (Second/Steve Schunder)

1. Memberships

It was unanimously voted to approve Membership for:

Robert Bona, Police; Lamar Bowsky, Police; Lauren Brezinski, Para; Jared Chafee, Streets; Amanda Hull, Para; Ross Kelly, Para; Lauren Langenauer, Para; Majedah Nassir, Para; Jeremie Pickett, Streets; Fernanda Rodrigues, Nutrition Services.

2. Applications for Approval

a. **It was unanimously voted to approve a Vested Interest application for: Catherine Gay, BOE; Joseph Keach-Longo, BOE.**

b. **It was unanimously voted to approve a Normal Retirement for: Filomena Teti, BOE.**

C. Invoices for Consideration

Invoice for \$4,854.50 from Reid & Riege for legal services – Question raised as to whether the pension plan should pay for a legal opinion on the mandatory retirement age for firefighters/fire prevention inspector. Isn't this an HR policy? No, the Pension Ordinances require a Part C member of the plan to be retired at age 65.

Motion (Peter Privitera) to approve invoices for consideration (Second/Lazaro Guzman)

1. **It was unanimously voted to approve payment for an invoice from Reid and Riege, P.C. for legal services through 10/31/2018 in the amount of \$4,854.50. Invoice date 11/20/2018.**

2. **It was unanimously voted to approve payment for an invoice from Reid and Riege, P.C. for legal services through 11/30/2018 in the amount of \$607.50. Invoice date 12/10/2018.**

Peter Privitera (3), Director of Finance

A. Discount Rate

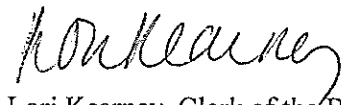
1. Peter recommends waiting until the February meeting to further discuss the discount rate. The Mayor and Town Manager may attend and present their opinions.

Adjournment

A. **Motion (Steve Schunder) to adjourn meeting at 9:25 a.m. (Second/Lazaro Guzman)**

It was unanimously voted to adjourn.

Attest:



Lori Kearney, Clerk of the Board