

**A virtual regular meeting of the Town of West Hartford Pension Board was held on
Monday, November 16, 2020 at 7:45 a.m.**

**This meeting was 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 7:47 a.m.

I. Roll Call/Attendance

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

Participants/Guests: Mayor Shari Cantor, Matt Hart, Town Manager, Rick Ledwith, Executive Director of Human Resources, Lee Gold, Town Council, Chris Kachmar, Partner, DiMeo Schneider, Lori Kearney, Clerk of the Board, Paula Knake, Benefits Coordinator, and Jennifer Evans, Executive Director of WH Community Television

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. Straightforward agenda with the bulk of the meeting focusing on the quarterly investment review.

III. Peter Privitera, Director of Finance

- A. Status update on pension obligation bonds
 1. Town Council members have been briefed. The Mayor, Town Manager, and Town Council will discuss next steps.
 2. The budget process is approaching and meetings will be scheduled in January and February. Peter anticipates he will have more information to bring to the Pension Board after preliminary decisions regarding the POBs have been made.
 3. Mayor Cantor indicated that after an extensive review with the team, the feedback regarding POBs has been positive. She is expecting the Town will proceed and next steps should be announced in January.
 4. Alan Lebow asked if Peter could provide additional details regarding the POBs such as the dollar amount of the bonds to be issued and the term.
 5. Peter stated that at the last valuation, the unfunded liability was approximately \$302 million. The total issuance will depend on a couple of things, one of which is the time period we issue with. The Town is considering 25 year bonds and can go further out, but the time period has not been determined. Peter emphasized that this is a significant commitment by the Town and time was taken to make sure everyone understood the process and reasoning. The Town Council will be responsible for approval of bond issuance. Once the sale is complete, the money will be deposited in the Pension Fund and the Pension Board will manage the funds and the disbursements.
 6. Alan asked Peter to confirm his understanding that there would be one period of issuance of 25 year bonds in an amount roughly equal to the unfunded liability.
 7. Peter responded that the issuance would be greater than the unfunded liability, perhaps \$350 - \$375 million depending on term and interest rate at time of

issuance. There has been no final decision yet and they are still looking at options.

8. Lazaro Guzman asked if the Pension Board can review the details prior to the sale, and if the Pension Board was a part of the decision or involved after the decision was made.
9. Peter responded that the Pension Board would be provided with a review of the process but that it was not part of the decision. Once the Town Council authorized the issuance, the Town would issue the POBs. After the funds are deposited into the Pension Fund, the Pension Board would be responsible for managing the funds.
10. Mayor Cantor reiterated that the Town Council determines the outline to proceed and will come to the Pension Board for feedback but not for a vote.
11. Matt Hart stated that it was important to the Town Council to seek input from the Pension Board given the significance of this decision. He asked Peter to provide some history regarding the pension plan's funded status.
12. Peter explained that 8 years ago, the pension plan's funded ratio was approximately 45%. Despite reducing the discount rate, making changes to the mortality tables, and making every actuarially determined contribution, the plan is now only 41% funded. The Town has made appropriate decisions but has made no headway in increasing the plan's funded status. Issuing pension obligation bonds will allow the Town to fully fund our pension liability and provide budgetary relief to the Town as well.
13. Chair Dean commented that it was helpful to have the historical perspective.

IV. Chris Kachmar, DiMeo Schneider

A. Quarterly investment review – 3rd Quarter 2020

1. Summary of funded status trends in CT municipal pension plans (data sourced from FYE2019 CFRs for 166 CT municipal plans. *Note that the date referenced is not weighted by plan asset size*).
 - a. Funded status for fiscal year ending 6/30/2019 averaged 75%.
 - b. Majority of pension plans (54%) have a funded status between 70 – 90%.
 - c. 47% of municipalities are using a discount rate between 6.75% and 7.24% in fiscal year ending 6/30/2019 and 23% are using a discount rate between 6.25% and 6.74%. The average rate was 6.76%.
2. Investment returns across CT pension plans (also from FYE2019 CFRs)
 - a. Money-weighted returns were 5.7% for FY2019 (Town 5.4%), and averaged 7.9% for the 3 year period (Town 9.3%) and 5.2% for the 5 year period (Town 6.4%).
3. Town of West Hartford's actuarial value of assets as of 7/1/2019 was \$209,053,093, total accrued liability was \$510,843,434, funded ratio was 40.9%, and the actuarial return assumption was 7.125%.
4. Town pension portfolio assets as of 9/30/2020 were \$225,746,312. The portfolio had been nominally overweight in domestic equities and the Board trimmed assets back to fixed income to stay attuned to target weights. In mid-September, \$5 million was taken from domestic equities and dispersed across the two fixed income strategies. The portfolio is in good working order from an allocation perspective and there are no recommendations for the Pension Board at this time. All managers on maintain.
5. Portfolio performance about in line with benchmark for the quarter at 5.5%.

6. Following a general discussion regarding the relative performance of the subcategories of the equity markets and the plan's equity portfolio in particular (growth vs value, passive vs index), Chris stated he would lead a discussion regarding the current allocation and opportunities for the Pension Plan at the February 2021 meeting using the full year 2020 final results.
- V. Brittany Bermingham, Town Matters
 - A. No report
 - VI. Rick Ledwith, Executive Director of Human Resources
 - A. Proposed meeting schedule for 2021 presented to the Pension Board.
 1. The proposed January 2021 meeting date presents a scheduling challenge. Chair Dean will work with Lori Kearney, Clerk of the Board, regarding an alternate date.
 - VII. Formal Actions
 - A. Minutes
 1. Approval of the minutes for the virtual regular meeting on Monday, October 19, 2020
Motion by Chair Dean for Pension Board approval of the minutes for the virtual regular meeting on Monday, October 19, 2020.
It was unanimously voted to approve the minutes for the virtual regular meeting on Monday, October 19, 2020. Motion carried.
 - B. Pension Administration

Motion by Chair Dean for Pension Board approval of Pension Administration.

 1. Memberships
It was unanimously voted to approve membership for Sarah Blanchard, BOE; Adam Cormier, BOE; Tracey Dandley-MacLaren, BOE; Muna Elabbas, BOE; Dylan Ferreira, Police, Dawn Flanagan, BOE; Geeno Gordon, BE; Alexander Laureano, Police, Cynthia Lauture, Corporation Counsel; Randy Nilson, BOE; Elizabeth Sciarra, BOE; John Stewart Jr. Human Resources; Cherith Sullivan, BOE; Bryce Williams, BOE; Matthew Zobel, Police. Motion carried.
 2. Applications for Approval
 - a. It was unanimously voted to approve an early retirement application for Martha Fracasso, BOE. Motion carried.
 - b. It was unanimously voted to approve a normal retirement application for J. Claude Jean, Community Services. Motion carried.
 - VIII. New Business
 - IX. Adjournment

Motion by Chair Dean for Pension Board approval to adjourn the meeting at 8:38 a.m.
It was unanimously voted to adjourn at 8:38 a.m. Motion carried.

Attest:



Lori Kearney, Clerk of the Board