

A virtual special meeting of the Town of West Hartford Pension Board was held on Monday, June 21, 2021 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 7:48 a.m.

I. Roll Call/Attendance

Pension Board Members: Chair Nancy Dean, Commissioners Alan Lebow, Lazaro Guzman, Ethan Goldman, and Peter Privitera, Director of Finance.

Participants/Guests: Mayor Shari Cantor, Rick Ledwith, Executive Director of Human Resources, Chris Kachmar, Fiducient Advisors, Lori Kearney, Clerk of the Board, Perry Salonia, West Hartford Resident, and Jennifer Evans, Executive Director of WH Community Television.

Absent: Brittany Birmingham, Commissioner, Matt Hart, Town Manager, 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.

III. Formal Actions

A. Minutes

1. Approval of the amended minutes for the virtual special meeting held on Monday, April 5, 2021.

Motion by Chair Dean for approval of the amended minutes for the virtual special meeting held on Monday, April 5, 2021.

It was unanimously voted to approve the amended minutes for the virtual special meeting held on Monday, April 5, 2021.

2. Approval of the minutes for the virtual regular meeting held on Monday, May 10, 2021.

Motion by Chair Dean for approval of the minutes for the virtual regular meeting held on Monday, May 10, 2021.

It was unanimously voted to approve the minutes for the virtual regular meeting held on Monday, May 10, 2021.

B. Pension Administration

1. Application for approval
a. Disability retirement application

Motion by Chair Dean for Pension Board approval of the disability retirement application for Christopher Tyler.

It was unanimously voted to approve the disability retirement application for Christopher Tyler.

IV. Peter Privitera, Director of Finance

A. Update on the pension obligation bond sale

1. Released preliminary official statement of bond sale.
2. Both Moody's and Standard & Poor's affirmed the Town's AAA rating with a stable outlook.

3. Completed and distributed a marketing document to potential investors.
4. Bond sale will occur on Thursday, 6/24/2021. Close will be in early July.
5. Important for the Pension Board to determine the short-term investment option today.
6. Final interest rate on bonds will not be known until they are actually sold. Expecting approximately 2.65% interest rate on a taxable bond.
7. Four firms being used for the sale.
8. Original intent was to borrow \$365 million; now borrowing \$324.4 million.
9. Planned for a debt service payment of approximately \$20.1 million per year over a 25-year term. Now expecting a drop of \$2.8 million per year (payment of \$17.8 or \$17.9 million per year).
10. Town intends to maintain the 25-year term.
11. Repayment of the debt falls under the purview of Town Council. Investment of the proceeds is the responsibility of the Pension Board.

V. Chris Kachmar, Investment Review, Fiducient Advisors

- A. Portfolio update through May
 1. Asset allocation as of 5/31/2021 - \$265,733,404
 2. Portfolio performance as of 5/31/2021 –
 - Month .8 plan versus 1.0 benchmark
 - QTD 3.8 plan versus 4.1 benchmark
 - YTD 8.0 plan versus 6.8 benchmark
 - Fiscal YTD 28.3 plan versus 24.3 benchmark
- B. Investment of pension obligation bond proceeds
 1. Two main objectives today given the proceeds expected in July – 1) determine structure of dollar cost averaging for proceeds over the course of an 18-month investment window and 2) discussion of the deployment of 1/6 of those monies in the legacy pension plan.
 2. Two categories of strategies: ultra-short and short duration. Primarily investment grade bonds.
 3. Options –
 - Portfolio 1 (most conservative option) – Short Term Focus (duration 1.09 years, .56% yield)
 - Portfolio 2 – Intermediate Focus (duration 4.81 years, 1.20% yield)
 - Portfolio 3 – Combined Focus (Maturity Match) (duration 1.55 years, .69% yield)
 - Portfolio 3 – Combined Focus (duration 2.40 years, .90% yield)
 4. Bond sale proceeds to be set up in their own account to be viewed and monitored independently of legacy pension plan funds.
 5. **Motion by Chair Dean to approve investing, upon receipt, the first 1/6 of proceeds per the Investment Policy Statement with remaining bond sale proceeds invested according to Portfolio 3 - Combined Focus (Maturity Match) option.**
 6. Discussion ensued regarding the six-quarter investment period. Anticipate investing 1/6 of the proceeds initially followed by 1/6 every three months thereafter until fully invested. This gradual investment of proceeds will occur over a six-quarter period.
 7. **Motion reiterated by Chair Dean to approve investing, upon receipt, the first 1/6 of proceeds per the Investment Policy Statement with remaining bond sale proceeds invested according to Portfolio 3 - Combined Focus (Maturity Match) option.**

8. Discussion of options ensued. Options narrowed down to Portfolio 1 – Short Term Focus and Portfolio 3 – Combined Focus (Maturity Match).
9. **Motion withdrawn.**
10. **New motion presented by Chair Dean to approve investing, upon receipt, the first 1/6 of proceeds per the Investment Policy Statement with remaining bond sale proceeds invested according to Portfolio 1 – Short Term Focus. It was not unanimously voted to approve investing, upon receipt, the first 1/6 of proceeds per the Investment Policy Statement with remaining bond sale proceeds invested according to Portfolio 1 – Short Term Focus. Four in favor (Privitera, Goldman, Lebow, and Guzman). One opposed (Dean). Motion carried.**

VI. Chair's Closing Remarks

1. Chair Dean has been a member of the Pension Board for 10 ½ years. She will step down at the close of this meeting. Perry Salonia will be considered for appointment to the Pension Board at Tuesday's Town Council meeting. **Motion made by Chair Dean to nominate Lazaro Guzman as Chair of the Pension Board at the close of today's meeting.**
It was unanimously voted to nominate Lazaro Guzman as Chair of the Pension Board at the close of today's meeting.

VII. Adjournment

Motion by Chair Guzman to adjourn the meeting at 9:22 a.m.

Attest:


Lori Kearney, Clerk of the Board