A regular meeting of the Town of West Hartford Pension Board was held on Monday, November 19, 2018 at 7:45 a.m. in Room 400 of Town Hall.

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

Guests: Mayor Shari Cantor; Matthew Hart, Town Manager; West Hartford Police Lieutenant Michael Alquist, Maura Goulart and Matt Kaminski, FIA (attending in Chris Kachmar's absence).

Absent: Rick Ledwith, Executive Director of Human Resources; Chris Kachmar, Chief Investment Officer, FIA; Chris Barnes, Town Council.

Chair's Opening Comments (2)

Maura Goulart and Matt Kaminski (3), FIA, Investment Review

A. Quarterly Investment Review
B. Asset Allocation
C. Fixed Income Review
D. Rebalancing
E. Introduction of the new investment manager matrix
F. Investment Policy Statement review
   1. Discussion regarding the Final Draft of the IPS has been rescheduled to January due to time constraints and Chris Kachmar's absence.
   2. The Board is asked to forward any comments regarding the Final Draft to Nancy prior to the January meeting.

Peter Privitera (4), Director of Finance

A. Reports
   1. Peter provided a copy of his memo to Matt Hart dated October 17, 2018, regarding fiscal stability considerations for the Town operating and capital budgets.
   2. Discussion of the report, if necessary, can take place at the January meeting.
B. Expenses charged to the Pension Plan
   1. Invoices related to the Pension Fund are placed on the Pension Board agenda for payment. Some invoices are paid in advance of presentation to the Board due to the Board's meeting schedule. This has been the process employed historically.
   2. Expenses related to the analysis of pension obligation bonds were placed on the Pension Board agenda for payment. The Town had requested the analysis without bringing it to the Pension Board in advance. The Town considered it its due diligence to explore pension obligation bonds prior to presenting it as an option to the Town Council.
   3. Mayor Cantor – The Pension Plan is one of the largest budget drivers. Pension obligations bonds were discussed to determine if they were an option to ease and stabilize the Town's fiscal situation. It was believed that the billing was appropriate to go into the pension cost center.
   4. Peter Privitera –The goal is to reduce the Town's annual ARC/ADEC by taking debt on at a lower interest rate. The Town requests that the Pension Board approve the bills incurred to research pension obligation bonds.
   5. Eric Halpern – The Pension Fund is not a cost center. Money going out of the plan should be benefitting the beneficiaries and not the plan sponsor. If the

Town had come to the Pension Board first, it could have been discussed. The research funds can come from the Town.

6. Mayor Cantor – If the discount rate is reduced, there is concern that the Town may not be able to make its ARC payment. The Town's tax payers cannot keep paying these types of tax increases. The viability of the Pension Plan is at risk. This is a unique strategic decision.
7. Town Manager Hart – We will be bringing the topic to the Finance and Budget Committee next month. Issuing pension obligation bonds will benefit both the sponsor and beneficiaries. He hopes the Pension Board will support the Town's due diligence.
8. Stephen Schunder – If this action only cuts the ARC and doesn't grow the plan, it only benefits the Town and not the beneficiaries.
9. Peter Privitera – The delta between bond payment and asset growth stays in the fund. The Town is requesting that the Pension Board approve the payments for the analysis involved in researching pension obligation bonds. It should have been brought to the Pension Board first, but we did not want to communicate this as an option if it was not viable. Additional costs may be incurred. Will the Pension Board approve those costs?
10. Mayor Cantor –Issuing pension obligation bonds will benefit the health and longevity of the Pension Fund.
11. Lazaro Guzman – Sees this strategy on the corporate side and believes there will be benefits to both Town and Plan. Had the issue been brought to the Pension Board in advance, he would have supported it. The issue should have been brought to the Board first.
12. Peter Privitera – The Town will issue bonds to cover a percent of liabilities, the money will go into the Pension Fund and be invested. The delta asset growth would stay in the Plan. The Town was exploring its options and did its due diligence in requesting the analysis on pension obligation bonds.
13. Alan Lebow – Two issues: past bills and future bills. The manner in which the invoices for the pension obligation bonds were presented to the Pension Board assumed they would be approved.
14. Nancy Dean – The bills coming to the Pension Board are often ratifications rather than approvals.
15. Motion (Peter Privitera) to approve the bills regarding pension obligation bonds in the amount of $29,066.95. (Second/Lazaro Guzman & Stephen Schunder)
    a. Reid and Riege, invoice dated 7/25/2018 - $405.00
    b. Reid and Riege, invoice dated 7/25/2018 - $2,983.95
    c. Hooker & Holcombe, invoice dated 6/29/2018 - $13,500.00
    d. Hooker & Holcombe, invoice dated 7/24/2018 - $12,000.00
    e. Shipman & Goodwin, invoice dated 10/15/2018 - $178.00

It was <u>not</u> unanimously:

<u>VOTED</u>: To approve the bills regarding pension obligation bonds in the amount of $29,066.95. Five in favor (Nancy Dean, Lazaro Guzman, Peter Privitera, Alan Lebow, and Stephen Schunder) and one opposed (Eric Halpern).

16. Motion (Peter Privitera) to approve additional invoices related to pension obligation bonds for actuarial modeling not to exceed $20,000, with a report to the Pension Board in January on expenditures. (Second/Lazaro Guzman)

It was <u>not</u> unanimously:

<u>VOTED</u>: To approve additional invoices related to pension obligation bonds for actuarial modeling not to exceed $20,000, with a report to the Pension Board in January on expenditures. Five in favor (Nancy Dean, Lazaro Guzman, Peter Privitera, Alan Lebow, and Stephen Schunder) and one opposed (Eric Halpern).

a. Eric requested additional scenarios for the actuaries to model including dropping 1/8 and going down to 6%.
b. Peter will request that the actuaries provide models for a discount rate of 7-¼%, 7-1/8%, and 6%.

C. Roles, responsibilities, and authority of the Pension Board
1. Peter consulted with Corporation Counsel to obtain clarification on the responsibilities of the Town and the Pension Board. The Town is responsible for funding the Plan and Plan design. The Board is responsible for approving expenses and investing the funds.

Stephen Schunder (5), Town Matters

Rick Ledwith (6), Executive Director of Human Resources

A. Proposed meeting schedule for 2019
1. Conflict with the October 21, 2019 meeting date.
2. The October meeting will be rescheduled and the new date provided at the January meeting.

B. Administrative Policy #2018-1: Interest rate for refunds.
1. Discussed the refund process for pension contributions and the proposed policy language.
2. Hooker & Holcombe sees interest rates of 3%, 4%, or 0% for most Towns. They see no issue with using 2% as the interest rate.
3. Eric requested that the interest rate applied to pension contribution refunds be revisited.
4. Motion (Stephen Schunder) to approve Administrative Policy #2018-1: Interest rate for pension contribution refunds. (Second/Eric Halpern)

It was unanimously:
VOTED: To approve Administrative Policy #2018-1: Interest rate for pension contribution refunds.

C. 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. Tabled until the January meeting due to Rick's absence.
2. Rick to advise the Board on the outcome of his discussion with Pat Alair/ Corporation Counsel. At the October meeting, it was questioned whether it is the Pension Board's responsibility to approve amendments to the Pension Ordinance.

Formal Actions (7)
Minutes (7A)

A. Motion (Eric Halpern) to approve the minutes for the regular meeting on Monday, October 22, 2018. (Second/Stephen Schunder)

It was unanimously:
VOTED: To approve the minutes for the regular meeting on Monday, October 22, 2018.

Pension Administration (7B/7B-1, 7B-2, and 7B-3)

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

Memberships (7B-1)

It was unanimously:
VOTED: To approve Membership for:
Ampara Collado, Para; Jerry Gardner, Custodian II; Suellen Lebron, Para; Gerald Reginatto, Custodian II; Catherine Rose, Service Response Manager; Sandra Sanchez, Para; Amber Smith,

Para; Amy Truskoski, Lead Secretary; Gina Varano, Assistant Corporation Counsel; Tevin Williams, Para.

Refunds & Terminations (7B-2)

It was unanimously:
VOTED: To approve Refunds for:
Kyle Guisto, Police; Matthew Fadziewicz, Para.

Retirement Applications (7B-3, a-b)

It was unanimously:
VOTED: To approve a Vested Interest application for:
Kathleen Looney, Nutrition Services.
It was unanimously:
VOTED: To approve a Normal Retirement for:
Socorro Droz, 50% Contingent Annuitant of Peter Droz; Angela Espinoza, 50% Contingent Annuitant of Toribio Espinosa; Karen Jones, Police; Laurie Murray, Employee Services; James Parizo, Police; Susan Piazza, BOE.

Invoices for Consideration (7C)

A. Motion (Lazaro Guzman) to approve invoices for consideration. (Second/Stephen Schunder)

It was unanimously:
VOTED: To approve payment for an invoice from Wells Fargo Bank, N.A. for the period of 7/1/2018 – 9/30/2018 in the amount of $9,360.82. Invoice date 10/9/2018.
VOTED: To approve payment for an invoice from Silvercrest Asset Management Group for management fees for quarter ending 12/31/2018 in the amount of $18,324.00. Invoice date 10/4/2018.
VOTED: To approve payment for an invoice from Hooker & Holcombe for actuarial services for 7/1/2018 – 8/31/2018 (2018 Core Pension Services) in the amount of $3,025.00. Invoice date 9/26/2018.
VOTED: To approve payment for an invoice from Hooker & Holcombe for services related to the Trust (installment payment on valuation) in the amount of $7,275.00. Invoice date 5/16/2018.

B. Motion (Peter Privitera) to approve invoice for consideration. (Second/Lazaro Guzman)

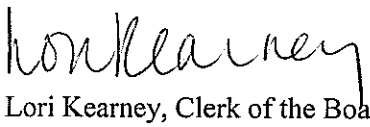
It was unanimously:
VOTED: To approve payment for an invoice from Reid & Riege for professional services rendered through 9/30/2018 in the amount of $405.00. Invoice date 10/30/2018.

Adjournment

A. Motion (Peter Privitera) to adjourn meeting at 10:19 a.m. (Second/Stephen Schunder)

It was unanimously:
VOTED: To adjourn.

Attest:



Lori Kearney, Clerk of the Board