A regular meeting of the Town of West Hartford Pension Board was held on Monday, February 11, 2019 at 7:45 a.m. in Room 407 of Town Hall.

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

Guests: Mayor Shari Cantor, Matt Hart, Town Manager, Chris Barnes, Town Council, Police Lieutenant Michael Alquist, Police Officer Robert Riccobon, Paula Knake, Benefits Coordinator, Brittany Bermingham, Assistant Zoning Enforcement Officer, Chris Kachmar, Chief Investment Officer, FIA.

Chair's Opening Comments (2)

Peter Privitera (3), Director of Finance

A. Discount rate

1. Peter distributed a chart prepared by Hooker & Holcombe demonstrating the budgetary impact of various discount rates.
2. His proposal is to reduce the discount rate by 1/8%; this is the plan discussed with the rating agencies and actuaries. He requests the Board to reconsider dropping the rate from 7.25% to 7-1/8%.
3. Moody's removed the negative watch and issued a stable outlook rating on the Town. West Hartford retained its AAA bond rating designation from Moody's and Standard & Poor's.
4. Was there a set number of years established for this reduction to 7-1/8%? (Alan)
5. The plan is to go to 7-1/8% next year and then 7% the following year; no formal proposal of a timetable. (Peter)
6. Perhaps it should be established what rate, how many years, and funding ratio first. Uneasy going down 1/8 without knowing what that means. (Alan)
7. Once we get to 7%, the Board would then determine the next target, discuss next steps and timing, and reevaluate. (Peter)
8. Dropping to 7-1/8% is viewed favorably by rating agencies and makes sense for the Town. (Matt Hart)
9. More important to move to 7-1/8% rather than get deadlocked. (Steve)
10. This is a short term look. There will be a budget impact now or a much bigger budget impact later. The Town is not obligated to adhere to the Pension Board's recommended discount rate. That can be discussed at the Town Council level. (Alan)
11. If the Town does not fund the ADEC in full, the Town's bond rating would drop. Not funding the liability is viewed negatively by the rating agencies. The reduction should be gradual due to the fiscal impact to the budget. (Peter)
12. The rating agencies are satisfied with the Town going to 7-1/8%. We need to be lower than 7-1/8, and it should be decreased faster, but there are the realities of the budget to consider. We are working to close the gap. (Lazaro)

Motion (Peter Privitera) to approve dropping the discount rate from 7.25% to 7-1/8%. (Second/Steve Schunder)

It was not unanimously voted to approve dropping the discount rate from 7.25% to 7-1/8%. 4 in favor (Peter, Nancy, Steve, and Lazaro) and 2 opposed (Eric and Alan). Motion carries.

13. The Town appreciates the Pension Board's efforts. This is a complex topic. We may invite Hooker & Holcombe to an upcoming meeting for additional discussion. (Nancy)

B. Peter introduced Brittany Bermingham to the Pension Board. She is being considered for appointment to the Board following Steve Schunder's retirement. It is anticipated that the formal appointment will be made at tomorrow's Town Council meeting.

C. Thanks to Steve for his service to the Pension Board.

Chris Kachmar (4), FIA, Investment Review

A. Fourth Quarter Capital Markets Update/Flash Reporting
   1. Westfield Large Growth – may need to look at it in more detail/consider indexing more. (Lazaro)
   2. Chris asked if the Board wished to invite Westfield in for an update or jettison them immediately.
   3. What are our other investment options? Move to a large cap growth or to a fund that tracks Russell 1000 Growth?
   4. Consider the value tilt

   Motion (Alan Lebow) to reallocate the money in Westfield to Vanguard Total Stock Market Index Fund. (Second/Eric Halpern)

   It was unanimously voted to reallocate the money in Westfield to Vanguard Total Stock Market Index Fund.

B. Asset Allocation and Performance

Stephen Schunder (5), Town Matters

Rick Ledwith (6), Executive Director of Human Resources

A. Meeting schedule for 2019 – next meeting May 13, 2019.

B. Invoice from Reid & Riege for revisions to the pension ordinance presented to the Board for approval.
   1. Eric noted that the expenses stem from the Town's negotiations with the unions and are not a regular administration expense of the pension plan. Payment should be made by the Town and not the pension fund.
   2. Rick indicated that these are appropriate expenses for the pension fund to pay.

Formal Actions (7)

A. Amended minutes for the regular meeting on Monday, November 19, 2018

   Motion (Eric Halpern) to approve the amended minutes for the regular meeting on Monday, November 19, 2018 (Second/Steve Schunder)

   It was unanimously voted to approve the amended minutes for the regular meeting on Monday, November 19, 2018.

B. Minutes for the regular meeting on Monday, January 7, 2019

   Motion (Peter Privitera) to approve the minutes for the regular meeting on Monday, January 7, 2019 (Second/Eric Halpern)

   It was unanimously voted to approve the minutes for the regular meeting on Monday, January 7, 2019.

C. Pension Administration

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

   1. Memberships

      It was unanimously voted to approve Membership for:
      Victoire D'Hue, Fire; Michael Krajewski, Grounds; Nikia Newkirk, Social Services; Andrew Slicer, Fire.

   2. Terminations and Refunds

      It was unanimously voted to approve terminations and refunds for:
      Briana Brown, BOE; Elyssa Kotler, BOE.

   3. Applications for Approval
      a. **It was unanimously voted to approve a Vested Interest application for: Lynn Brown, BOE.**
      b. **It was unanimously voted to approve a Normal Retirement for: Raymond Keith Brignano, Plant Services; Margaret Clohessy, Social & Leisure Services; James Goggin, Fire; Denise Lenge, BOE-HR; Frank Mark**

Masse, Fire; Jon Muirhead, Budget & Business; Vincent Navin II, Fire; Aldine Williams, Library Services.

c. **It was unanimously voted to approve a QDRO application for: Mary Brignano (alternate payee of Raymond Keith Brignano).**

D. Invoices for Consideration

1. Consideration of invoice for payment from Reid & Riege, P.C. for legal services through 12/31/2018 in the amount of $1,755.00. Invoice date 1/24/2019.

   Motion (Steve Schunder) to approve invoices for consideration (Second/Peter Privitera)

   It was not unanimously voted to approve payment for an invoice from Reid & Riege, P.C. for legal services through 12/31/2018 in the amount of $1,755.00. Invoice date 1/24/2019.

   5 in favor (Peter, Steve, Nancy, Lazaro, Alan) and 1 opposed (Eric). Motion carried.

Peter Privitera (3), Director of Finance

A. Request by the Board for an update on the pension obligation bonds

1. Discussed alternative financing methods with Council Members at the Finance & Budget Committee meeting last week.
2. The interest rate environment has changed since pension obligation bonds were first considered.
3. The Town Council is reflecting on the information presented at the meeting and will discuss it further.
4. Not ready at this time to move forward with this strategy.

Adjournment

A. **Motion (Peter Privitera) to adjourn meeting at 9:00 a.m. (Second/Stephen Schunder)**

It was unanimously voted to adjourn.

Attest:

Lori Kearney

Lori Kearney, Clerk of the Board