



# Town of Simsbury

933 HOPMEADOW STREET

SIMSBURY, CONNECTICUT 06070

## **Retirement Plan Sub-Committee** **Regular Meeting Minutes - Approved**

Monday, July 27, 2020 at 6:00 p.m.  
Via Zoom video conference

### **I. Call to Order**

The meeting was called to order at 6:05 p.m. Sub-Committee members Derek Peterson, Kevin Prell, Chris Peterson, and Jennifer Batchelar were present. Amy Meriwether, Finance Director, was present from Town staff. Chris Kachmar and Tyler Polk were present for Fiduciary Investment Advisors. Others in attendance included Lisa Heavner, and Art House.

### **II. Review of Minutes** **a) June 9, 2020**

The minutes were tabled until the next meeting due to a lack of quorum.

### **III. Review of Investment Options for Town 457 and 401(a) Plans**

Mr. Polk shared that the role of the meeting is to share what their recommendations look like for the draft investment lineup for the vendor transition, although the Board of Finance has to vote on that and formally approve it.

On the 457 plan historical balances, Mr. Polk stated that we are right back up to where we were towards the end of the year. On the target date funds, they are only the ten year funds as opposed to each 5 year, which is what you typically see in the suite of target date funds. The 401 plan is also north of what we saw at the end of the year due to the market recovery, the big difference here is the bulk of the assets are in the target date funds. The Board of Ed plan is similar to what was seen in the 457 plan.

The current MassMutual Fund menu that is available to all three plans was discussed, the only difference between the three plans is that the 457 plan is the only one that has access to the 4%. In fixed income, you have BNY Mellon Bond, Core Plus and Templeton Global. In domestic equity you have a mixture of active and passive investment options. In International you have Hartford International, what is missing here is an index international option.

Mr. Polk said that the proposed ICMA Fund Menu was ran by the internal oversight committee, the goal was to maintain what works in the menu, minimize disruption to plan participants, and to create efficiencies given that we have flexibility with the new vendor.

In the proposed menu, the VantagePoint plus stable value option would be utilized. The Templeton Global Fund would be eliminated. Within the fixed income, Fidelity would replace the indexing and Western Asset Core would be maintained as the active manager. The T. Rowe Price target date funds would have access to the lowest share class investment options. The balanced fund would be eliminated and merged with the target date funds. The indexing would be replaced with Fidelity. Hartford International Opportunities would be maintained but a Fidelity index investment option would also be added.

Mr. Prell asked Mr. Polk if they plan on expanding the offerings as time goes on.

Mr. Polk said that over time they are hoping to have more availability to investment options

Mr. Prell asked what type of education they are planning to help the transition for the clients.

Mr. Polk stated that their strategy is usually very high touch in-person meetings. In our current environment, the hope is that it would remain high touch.

As far as the rollout goes, Mr. Polk stated that typically the month prior there are some significant procedural presentations, usually these are group meetings in multiple locations but due to the current situation, it may be webinars.

Mr. Prell stated he would like the individuals to have to opt out of an individualized meeting so they literally have to say no.

The performance overview was discussed. Mr. Polk stated that the committee is familiar with the majority of the investment options, however, now it would be getting them at a lower share class versus what was previously offered.

The estimated current fee review was discussed. The average fee at the end of the quarter was right around 1.11, Mr. Polk stated that they have now gotten that down to 0.54. He also stated that they recommend going to a levelized pricing model. They want to move to a model where everyone pays the exact same amount for record-keeping costs. Mr. Polk stated that this will happen through the approval of the fund menu, the record keeping fees will just have to be charged outside of the funds.

Mr. Polk stated that depending on where they invest, target date fund investors tend to do the best compared to those who do it on their own, but that data will be gathered once it is received from MassMutual.

Mr. Prell asked Ms. Meriwether if they were going to make it mandatory that anybody new is automatically enrolled and they have to opt out. Ms. Meriwether stated that she doesn't believe that is how it is done now and that it is based on plan availability within each bargaining group. This would have to be reviewed by Human Resources

Mr. Polk stated that he believes that it is the September meeting when this would go to vote, as they would need the finalized menu by that meeting to have time for the January transition.

#### **IV. Pension Plans & OPEB Trust Second Quarter Performance 2020 Overview**

Mr. Kachmar stated that the good news is that the second calendar quarter was about 180 degrees from what was encountered in quarter one. It has been a strong handed and consistent recovery across capital markets. Risk appetite is back in play and that permeates the domestic markets

Asset allocation and pension performance were discussed. As far as the manager performance overview, from a participation standpoint you do see good incremental returns particularly from the fixed income and international equity managers. The OPEB assets are a similar story, three and a half million of recovered value since the March re-balance. 17.8 million largely aligned with target, Mr. Kachmar does not think there are any immediate concerns from an allocation standpoint.

Ms. Meriwether stated that at the September 2nd meeting, the committee will need to make a formal recommendation to accept the investments to move onto the Board of Finance and then that will go to the September Board of Finance meeting.

#### **V. Adjourn**

Derek Peterson made a motion to adjourn the meeting at 6:36 p.m. Ms. Batchelar seconded the motion, and it passed unanimously.

Respectfully submitted,

Heather Taylor  
Commission Clerk