



Town of Simsbury

933 HOPMEADOW STREET

SIMSBURY, CONNECTICUT 06070

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

Wednesday, May 1, 2019 at 7:30am
Main Meeting Room, Town Hall, 933 Hopmeadow Street

I. Call to Order

The meeting was called to order at 7:30 a.m. by Chairman Chris Kelly. Sub-Committee members Cheryl Cook, Phil Schulz, Kevin Prell, and Jennifer Batchelar were present. Town and Board of Education staff members in attendance included Burke LaClair, School Business Manager; Maria Capriola, Town Manager; Melissa Appleby, Deputy Town Manager; and Amy Meriwether, Finance Director. Chris Kachmar and Tyler Polk were present for Fiduciary Investment Advisors.

II. Review of Minutes

a) Regular Meeting, February 6, 2019

The minutes of February 6, 2019 were approved as presented by consensus.

III. Defined Contribution Plans First Quarter 2019 Performance Reviews and Fiduciary Governance Update

Mr. Polk said that the first quarter summary focuses on management fees. He noted that our fees for the defined contribution plan are high due to the fact that we offer an option that has a guaranteed 4% return. He reviewed the DC section of the document entitled "Town of Simsbury Retirement Plans – Executive Summary – First Quarter 2019." The fee review on page 58 indicates that the Town's fees per participant are significantly higher than average. The Town's per participant cost is \$573, and the average for comparable plans is \$125-\$150.

All managers are on a status of "maintain."

IV. Defined Contribution Recordkeeping Request for Information (RFI) Review

Mr. Polk said that FIA conducted an RFI as request by the Sub-Committee. The intent of the RFI is to do an informal testing of the market regarding recordkeeping services for the defined contribution plan. This included a questionnaire sent to four companies: Mass Mutual, Empower, Lincoln, and Voya. FIA has clients that are with all four of these companies. Mr. Polk reviewed the Comparison Matrix as presented on page 83 of the document entitled "Town of Simsbury Retirement Plans – Executive Summary – First Quarter 2019," noting that there would be savings through other products. Mr. Polk indicated that FIA would charge \$12,500 to conduct a full Request for Proposals (RFP). Ms. Capriola asked whether it would be possible for staff to manage the administrative aspects of the process in-house in order to cut down on this cost. Mr. Polk said that he will work with FIA's pricing department to determine what components of the process could be removed from their scope of services.

Mr. Prell made a motion to recommend to the Board of Finance that the Town conduct a Request for Proposals for defined contribution recordkeeping services. Ms. Cook seconded the motion. All were in favor and the motion passed.

V. Pensions Plans & OPEB Trust First Quarter 2019 Performance Reviews and Fiduciary Governance Update

Mr. Kachmar reviewed the pension section of the document entitled “Town of Simsbury Retirement Plans – Executive Summary – First Quarter 2019.” He noted that the markets have come back strong in the first quarter of 2019 after finishing in a downturn at the end of 2018. In addition, the Federal Reserve has halted its rate hikes, which has had a positive impact. Mr. Kachmar provided a custody fee review, indicating that the weighted average investment management fee is at 0.50%. He noted that these fees are competitive for our portfolio type.

Mr. Kachmar said that the transition from Aberdeen to Vanguard has been completed. All managers are on a status of “maintain.”

Mr. Kachmar also reviewed the OPEB section of the document. Mr. Prell noted that the Sub-Committee should resume its discussion of management of the OPEB fund now that Simsbury Bank is being acquired by Liberty Bank. Mr. Kachmar said that FIA has meetings scheduled with Liberty Bank to discuss the transition. Ms. Capriola said that she and Ms. Meriwether are also scheduled to meet with the president of Liberty Bank in the coming weeks.

Mr. Kachmar reviewed the fee analysis, indicating that the fund’s average weighted fee is 0.19%. All managers are on a status of “maintain.”

VI. Housekeeping Items

a) Retirement Plan Sub-Committee Memorandum of Understanding

Mr. Kelly reviewed prior discussions that led to the determination that the Retirement Plan Sub-Committee is truly advisory to the Board of Finance. The MOU codifies this arrangement. Moving forward, FIA will provide updates to the Board of Finance twice per year. There was consensus that the Sub-Committee should consider scheduling its 2020 meetings to coincide with FIA’s visits to the Board of Finance in order to reduce redundancy.

b) Wells Fargo Institutional Retirement & Trust (IRT) Transition to Principal Financial Group

Mr. Kachmar said that FIA is in regular contact with Wells Fargo regarding the acquisition of their retirement program by Principal Financial Group. This acquisition is expected to close in the third quarter of 2019.

VII. Adjourn

Mr. Prell made a motion to adjourn at 8:20 a.m. Ms. Cook seconded the motion. All were in favor and the motion passed.

Respectfully submitted,

Melissa A.J. Appleby
Deputy Town Manager