



Town of Simsbury

933 HOPMEADOW STREET

SIMSBURY, CONNECTICUT 06070

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

Tuesday, June 9, 2020 at 5:00 p.m.
Via Zoom video conference

I. Call to Order

The meeting was called to order at 5:04 p.m. Sub-Committee members Phil Schulz, Derek Peterson, Kevin Prell, Brian Watson, Chris Peterson, Thomas Potter and Jennifer Batchelar were present. Maria Capriola, Town Manager, and Amy Meriwether, Finance Director, were present from Town staff. Chris Kachmar and Tyler Polk were present for Fiduciary Investment Advisors. Becky Sielman. Others in attendance included Rob Pomeroy, Board of Finance chair, Tom Fitzgerald, Lisa Heavner, and Art House.

II. Review of Minutes **a) February 5, 2020**

Mr. Schulz made a motion made to approve the minutes of February 5, 2020. The motion was seconded by D. Peterson. All were in favor and the motion passed unanimously.

III. Pensions Plans & OPEB Trust First Quarter 2020 Performance Reviews and Fiduciary Governance Update

Mr. Kachmar shared that Fiduciary Investment Advisors joined forces with peer firm DiMeo Schneider & Associates of Chicago as planned. The newly combined firm will be managed by an Executive Committee comprised of representatives from both FIA and DiMeo Schneider. Clients will experience few changes.

Wells Fargo & Principal continue to bring their organizations together. Mr. Kachmar stated that they are participating in those transition calls regularly. The transition is going entirely according to plan. Principal will be adopting many of Wells' platforms and systems from their institutional custody practice.

The three pension portfolios at the end of March were discussed. Mr. Kachman reminded the Committee from a strategy prospective Templeton is on a "watch" status. Van Eck has also been elevated to "terminate".

Total Plan Performance Summary was discussed. Mr. Kachman stated the plan was down north a little more than 14%, which was a little bit behind the benchmark, much of that shortfall came from the fixed income programs. Mr. Kachman shared that what's reassuring

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8:30 - 4:30 Tuesday through Thursday
8:30 – 1:00 Friday

is that in the uptake over the past two months their numbers have improved dramatically and they are well ahead of the benchmark in the 2nd quarter.

Mr. Kachmar also reviewed the OPEB section of the document, there is a \$15.7M portfolio balance at the end of the quarter, down about 13.7% for the quarter and the blended benchmark down 14.2%.

The Town of Simsbury updated balances were discussed, the portfolios reach up to about 7% in the month of April, are a day or two away from the May “flash”. The fixed income managers are appreciably ahead of the broad markets and benchmarks for the fall quarter.

Mr. Kachmar stated that they are doing some work under the hood on Templeton Golden Bond, they will have more to come in short order, just evaluating the team and that strategy on a go forward basis

IV. Defined Contribution Plans First Quarter 2020 Performance Reviews and Fiduciary Governance Update

Mr. Polk stated that the CARES Act was signed into law at the end of March and allowed for more flexibility with regard to distributions. Anyone who is qualified would be eligible to take distributions.

This quarter is the fee focused benchmarking quarter. The average weighted cost of the Simsbury 457 Plan, 401(a) plan and Simsbury BOE Plan were discussed. The Simsbury 457 Plan’s weighted average plan cost is 1.110% with 0.83% going to MassMutual for recordkeeping costs.

V. Update on RFQ for DC Recordkeeping Services

Mr. Polk reported that of the 8 responding vendors, the subcommittee interviewed three vendors (MassMutual, ICMA and Voya). The cost differential between the three finalists was discussed, with about \$100,000 savings in total costs.

ICMA came out as the most qualified. The estimated RFQ implementation timeline is: September 2nd- investment lineup is finalized and approved by the Town, October 1st- start of ICMA vendor implementation with the Town and January 1, 2021 all plans go live on the ICMA platform.

Overall, the result of the project was a pretty significant overall savings. ICMA was one of the more competitive stable value options.

D. Peterson made a motion to acknowledge FIA’s recommendation and further recommend to the BOF replacing Mass Mutual with ICMA, Mr. Potter seconded the motion. The motion passed with all in favor.

Mr. Polk stated that they will have a proposal for the September meeting for a full lineup, and will have a full menu available for the BOF to approve

VI. Discussion on Tiered Discount Rate Structure for Pension Plans

Mr. Prell requested further information on the Wisconsin retirement systems, for 2017 their long term return assumption was 7.2% but their discount rate was 5%, if their return assumptions exceeded 5% they were allowed to put that excess to use to increase the annuity payments for the retirees, if they fell below 5% the retirees weren't affected.

Ms. Sielman spoke to the Wisconsin retirement systems. It is different plan design, a variable annuity design. After retirement, benefits that retirees receive are subject to investment risks so for the actuary calculating the liability for the plan, it is appropriate to use a discount rate at 5% to calculate the annuity. The Town of Glastonbury has bargained a hybrid pension approach, it is a modest defined benefit plan coupled with a modest defined contribution plan. It is a more conservative approach but the idea is that as more employees are in that hybrid plan rather than the legacy plan that the Town is taking less investment risk.

Ms. Sielman discussed the CARES Act, if and when there are any changes that will affect the Simsbury benefit plans they will advise. They are now doing updates monthly instead of quarterly and have started a new publication called Dear Actuary to provide very straight forward education. She suggested that once Mr. Kachmar has the year end numbers, they start running some estimates so that there is a heads up as to what next year's contribution might look like.

VII. Review of Amortization Schedule and Alternatives

Ms. Sielman discussed the different strategies for coping with a potential market downturn. Lengthening the amortization period was discussed. When we get to the 2020 we will be at 13 years, in 2033, all plans should be fully funded. Ms. Sielman shared that the Committee may want to consider extending the amortization period, started at 25 years in 2008 and is 13 years this year.

Mr. Potter asked how we stand in comparison to other clients' amortization period. Ms. Sielman said very similar or typical, although they do have some clients that have worked their way down to 10 years.

VIII. Adjourn

Mr. Peterson made a motion to adjourn the meeting at 6:15 p.m. Mr. Prell seconded the motion, and it passed unanimously.

Respectfully submitted,

Heather Taylor
Commission Clerk