



Town of Simsbury

933 HOPMEADOW STREET

SIMSBURY, CONNECTICUT 06070

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

Wednesday, September 2, 2020 at 7:30 a.m.
Via Zoom video conference

I. Call to Order

The meeting was called to order at 7:55 a.m. Sub-Committee members Phil Schulz, Kevin Prell, Brian Watson, Chris Peterson, and Thomas Potter were present. Maria Capriola, Town Manager, Amy Meriwether, Finance Director, and Melissa Appleby, Deputy Town Manager, were present from Town staff. Chris Kachmar and Tyler Polk were present for Fiduciary Investment Advisors. Others in attendance included Board of Finance members Lisa Heavner and Art House.

II. Review of Minutes

a) June 9, 2020 and July 27, 2020

Mr. Potter made a motion to approve the minutes of June 9, 2020 and July 27, 2020. The motion was seconded by Mr. Schulz. All were in favor and the motion passed unanimously.

III. Recommendation for Investment Options for Town 457 and 401a Plans

Mr. Polk walked through the recommendations for the investment options for the 457 and 401a plans when we transition from MassMutual to ICMA for plan administration. Changes will be effective January 1. He noted that we will have access to some new funds through ICMA. Mr. Prell asked if we could add an indexed fund to each category. Discussion ensued regarding the benefit of this proposed change; Mr. Polk said that while that change is not reflected in the proposal as presented, FIA can look to add a low-cost indexed fund to each category. He noted that one manager (MFS Value Fund) is on "watch" status, but that this is more of a qualitative or management issue, and not based on quantitative performance.

Mr. Potter made a motion to recommend for approval to the Board of Finance the proposed investment options as presented, with the following amendment: add an indexed fund to each category. The motion was seconded by Mr. Schulz. All were in favor and the motion passed unanimously.

Mr. Polk continued with a performance update for the defined contribution plans (agenda item V). He said there are no recommendations regarding the current lineup, as we are transitioning from MassMutual to ICMA.

Mr. Prell asked if we could make it mandatory for new participants to be enrolled in the 457 as they are brought on board. Ms. Capriola said that this program is voluntary, per our collective bargaining agreements. Ms. Heavner asked staff to look into the possibility of making the enrollment automatic, but keeping it voluntary in that the participant could then choose to opt out. Discussion ensued regarding the value of mandatory participation in the 457 plan.

IV. Pensions Plans & OPEB Trust

a) Second Quarter 2020 Performance Reviews and Fiduciary Governance Update

b) Interim Third Quarter Updates

Mr. Kachmar reviewed the pension section of the document entitled “Town of Simsbury Retirement Plans – Executive Summary – Second Quarter 2020.” He noted that the market performance reflects the federal stimulus funding to-date, as well as the fact that investors are anticipating that a second round is coming. He pointed to an upswing in equities, and noted that interest rates and fixed income are stable. Overall, it is a productive time in the capital markets. The plans were up 14% for the quarter, and the roster is in good order.

In regards to the investment policy review, he noted that Appendix A of the previously approved policy has been revised to reflect the elimination of Van Eck that occurred previously. The weightings reflected in Appendix A need to be changed based on that prior action.

He also reviewed the OPEB section of the document, noting that plan performed at benchmark for the quarter, as expected.

Mr. Kachmar also reviewed the document entitled “Simsbury Pension – Monthly Performance Flash – July 31, 2020.” He said that the S&P is up about 5.5% and reiterated that the federal stimulus was unprecedented, with more coming. He said that the international markets also showed a positive increase at 4.5%. Fixed income showed nominal positive returns. He said that the allocations for both the pension and OPEB plans are in good shape. The pension plans are up about 4.1% for July, and the OPEB plan is up about 3.6%, which is in line with the benchmark.

Ms. Heavner asked if FIA could put together a graphical representation of the data regarding long-term cash flow. Mr. Kachmar said that the data is included as an exhibit, but that they could work on presenting this graphically as well.

The group discussed the benefits and drawbacks of including Templeton in the portfolio. Mr. Kachmar noted that Templeton has a strategy that differs from other managers, in that it is benchmark-agnostic. The strategy can be risky, and therefore can demonstrate volatility. Mr. Kachmar said we could consider cutting this investment in half and reallocating to two anchor managers. Mr. Prell noted that any changes would be a risk-

based decision, not a performance-based one. Mr. House said that the current allocation allows for diversity, and Templeton's strategy has not impacted our performance.

V. Defined Contribution Plans Second 2020 Performance Reviews and Fiduciary Governance Update

Covered under agenda item III, above.

VI. Adjourn

Mr. Potter made a motion to adjourn the meeting at 8:45 a.m. Mr. Peterson seconded the motion, and it passed unanimously.

Respectfully submitted,

Melissa Appleby
Deputy Town Manager