



# Town of Simsbury

933 HOPMEADOW STREET

SIMSBURY, CONNECTICUT 06070

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

Wednesday, September 12, 2018 at 7:30am  
Board of Education Conference Room  
Simsbury Town Hall – 933 Hopmeadow Street

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

The meeting was called to order at 7:34 a.m. Sub-Committee members Chris Kelly, Cheryl Cook, Phil Schulz, Paul Mikkelsen, Derek Peterson, Mike Goman, 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, and Sharad Arora and Teresa Medeiros were present for Milliman.

### **II. Review of Minutes**

- a) Special Meeting, January 10, 2018**
- b) Regular Meeting, May 9, 2018**

The minutes of January 10, 2018 and May 9, 2018 were approved as presented by consensus.

### **III. Review of OPEB Valuation**

Ms. Medeiros and Mr. Arora reviewed a document entitled “Town of Simsbury Other Post-Employment Benefits Program – July 1, 2017 Valuation Summary of Results.” This document compared the 2015 results with the 2017 results. Six different scenarios were presented for the 2017 results, each with a different set of assumptions. With no changes to the assumptions, the 2017 results indicate a funded ratio of 71.9% (up from 66.9%) and a net Town contribution to the OPEB fund of \$160,501 (up from \$46,492).

Ms. Medeiros and Mr. Arora described the various scenarios presented, and the group discussed the following assumptions:

- Teachers Assumptions – We have updated information, which comes from the state plan
- Cost Method – There are two methods: projected unit credit and entry age normal
- Asset Valuation – There are two methods: market value and 5-year smoothed

- Discount Rate – Ms. Medeiros and Mr. Arora indicated that the expected rate of return is between 6.48% and 6.90%, and recommends that the Town start reducing its interest rate assumption.

The committee determined that it would make a recommendation for the November tri-board meeting regarding the cost method, asset valuation method, and discount rate.

#### **IV. Pensions Plans & OPEB Trust Second Quarter 2018 Performance Reviews and Fiduciary Governance Update, Third Quarter Summary Data**

Mr. Kachmar reviewed a document entitled “Town of Simsbury Retirement Plans – Executive Summary – Second Quarter 2018.” He pointed to the Investment Policy Statement for the defined benefit plans, and noted that it should be reviewed annually. Mr. Kelly made a motion to update the Asset Allocation Table in Appendix A of the Investment Policy Statement as presented, and to synchronize the dates that are referenced in the document. Mr. Peterson seconded the motion. All were in favor and it passed unanimously.

Mr. Kachmar said that the market is not seeing as much growth in 2018 as it did in 2017, resulting in modest returns. He indicated that the Town’s current asset allocation is appropriate. He noted that Neuberger Berman Genesis Fund R6 and Aberdeen Emerging Markets I are lagging as compared with their peers. FIA will be exploring other options in the emerging markets and will present additional information on this at the committee’s November meeting.

In regards to the OPEB trust, Mr. Kachmar said that the committee should start thinking about active management.

#### **V. Defined Contribution Plans Second Quarter 2018 Performance Reviews and Fiduciary Governance Update, Third Quarter Summary Data**

Mr. Polk pointed to the Investment Policy Statement for the defined contribution plans. The committee had no changes to this May 2014 document. Mr. Polk provided a regulatory and legislative update, offering additional detail on the items presented on pages 69-71 of the document entitled “Town of Simsbury Retirement Plans – Executive Summary – Second Quarter 2018.”

#### **VI. Communication – Interest Rate Assumption Scenarios**

The group had no comment on the memorandum dated May 23, 2018.

#### **VII. Adjourn**

The meeting adjourned at 9:00 a.m.

Respectfully submitted,

Melissa Appleby  
Deputy Town Manager