



Town of Simsbury

933 HOPMEADOW STREET

SIMSBURY, CONNECTICUT 06070

Retirement Plan Sub-Committee Regular Meeting Minutes - Approved

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

I. Call to Order

The meeting was called to order at 7:30 a.m. Sub-Committee members Phil Schulz, Kevin Prell, Chris Peterson, Thomas Potter, and Todd Burrick 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 member Lisa Heavner.

II. Review of Minutes

a) September 2, 2020

Mr. Schulz made a motion to approve the minutes of September 2, 2020. The motion was seconded by Mr. Potter. All were in favor and the motion passed unanimously.

III. Housekeeping Items

a) Appointment of Chair for December 2020-December 2021

The group agreed by consensus to appoint Kevin Prell as chair for December 2020-December 2021.

b) Appointment of Vice Chair for December 2020-December 2021

The group agreed by consensus to appoint Derek Peterson as vice chair for December 2020-December 2021.

c) 2021 Regular Meeting Schedule

The group agreed to move the quarterly meetings to Mondays at 8:00 a.m. Mr. Peterson made a motion to approve the 2021 regular meeting schedule as presented. The motion was seconded by Mr. Schulz. All were in favor and the motion passed unanimously.

IV. Update on Transition to ICMA for DC Recordkeeping Services

Mr. Polk said that we are on track for a mid-January transition from MassMutual to ICMA for defined contribution recordkeeping services. He said that letters went out to plan participants this week, and educational sessions began this week as well. Mr. Peterson asked how our aggregate investment in these plans compares with our peers. Mr. Polk said

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8:30 – 7:00 Monday
8:30 - 4:30 Tuesday through Thursday
8:30 – 1:00 Friday

that it depends on when towns moved away from pension assets and toward defined contribution plans. In general, our investment amount is on the larger side for the Hartford area.

V. Pensions Plans & OPEB Trust Third Quarter 2020 Performance Reviews and Fiduciary Governance Update

Mr. Kachmar reviewed the pension section of the document entitled “Town of Simsbury Retirement Plans – Executive Summary – Third Quarter 2020.” He noted that the appetite for risk on the capital market front is resilient. He said that there was a drawback in the month of September, especially in the area of technology. He said that the fourth quarter to-date has been strong. Mr. Kachmar indicated that investor sentiment is currently driven by the prospect of a second round of federal stimulus as well as by the development of the COVID-19 vaccine.

Mr. Kachmar noted that the markets like split election results, in which no one party takes control of all branches of government. He said that the impact of election results is typically transitory.

Mr. Kachmar also discussed the status of the funded ratios of the pension plans, and how they compare with averages across the state. He said that discount rates continue to move from the “upper 7%’s,” to 7% or lower, so we are right in line at 6.75%. He noted that Wells Fargo transition to Principal seems to be going according to schedule.

FIA is not recommending any asset allocation changes at this point. The plans were up about 5.7% for the quarter as compared with the benchmark of 5.6%, and they were up 3.3% year to date as compared with the benchmark of 2.8%. Discussion ensued regarding our discount rate, and whether the 6.75% is appropriate. Mr. Kachmar said returns will likely be around 6.25%. He noted that the actuary is usually comfortable with a slightly higher rate, as their data takes into account a longer time horizon.

FIA is monitoring Templeton, but there is no recommended change in managers at this time.

Mr. Kachmar also reviewed the OPEB section of the document, noting that plan performed at benchmark for the quarter, as expected. The plan was up about 5.3% for the quarter as compared with the benchmark of 5.2%, and they were up 2.7% year to date as compared with the benchmark of 2.1%.

Mr. Prell asked whether FIA could share their investment selection criteria. Mr. Kachmar said that he will provide information on the analytics used.

VI. Defined Contribution Plans Third Quarter 2020 Performance Reviews and Fiduciary Governance Update

Mr. Polk reviewed the defined contribution section of the document entitled “Town of Simsbury Retirement Plans – Executive Summary – Third Quarter 2020.” He said that we can have ICMA come in next year to debrief after the transition. He reviewed the industry

update starting on page 60, which included information regarding disclosures to be provided to plan participants. He also spoke about cybersecurity, and provided details on the data protection provided by ICMA's system.

Mr. Polk reviewed the performance overview starting on page 73. FIA is monitoring Eaton Vance, but there is no recommended change in managers at this time. He also reviewed the historical balances by investment starting on page 78, and noted that there were no major changes. He noted that the transition to ICMA is savings employees in recordkeeping costs.

Mr. Prell asked if there is anything the committee should be reviewing right now from a policy standpoint. Ms. Meriwether said that FIA brings updates to the committee as needed, and that the Board of Finance recently reapproved the investment policy for this year. Mr. Polk noted that according to the fiduciary governance calendar, policies will be a focus for the second quarter next year.

VII. Adjourn

Mr. Potter made a motion to adjourn the meeting at 8:40 a.m. Mr. Burrick seconded the motion, and it passed unanimously.

Respectfully submitted,

Melissa Appleby
Deputy Town Manager