

**TOWN OF SOUTH WINDSOR
PENSION COMMITTEE
DRAFT MINUTES
February 11, 2019**

1. Call Meeting to Order

The meeting was called to order at 8:30 a.m.

Members Present: Chris Chemerka, Board of Education; Scott Custer, Chief of Police; Matthew Galligan, Town Manager; Patricia Lewis, Assistant Director of Finance; Karen Lydecker, Town Council; Michael Paré, Board of Education; Patricia Perry, Director of Finance; Matthew Riley, Town Council

Members Absent: Saud Anwar, Town Council

Also Present: Anthony Tranghese, Fiduciary Investment Advisors, LLC;
Michelle Boyles, Milliman

2. Approval of Minutes

Mr. Michael Paré made a motion to approve the July 31, 2018 minutes. Chief Scott Custer seconded the motion; and it was approved unanimously, with Ms. Chris Chemerka, Councilor Karen Lydecker and Councilor Matthew Riley abstaining.

3. Discussion Items

A. Update – Fiduciary Investment Advisors, LLC

Mr. Tranghese gave a Quarterly Investment Review and key updates (copy with original minutes). There is also an Asset Allocation report dated February 7, 2019, a copy of which is attached to the original minutes. The market was especially challenging in the fourth quarter, due in part to international trade disputes and Federal rate changes. However, the diversification of the Town portfolio provided protection, and there are no recommendations for change at this time.

Mr. Paré asked what the outlook is if the market does go into recession. Mr. Tranghese said that in a recessionary environment the expectation is that equities would be more challenged. There are some positive underpinnings to the market right now. Earnings are strong, unemployment is still low, and there are modest signs of wage growth. The market forecast for a recession is now later in 2020. FIA is not advocating for changing the risk profile for the portfolio, as it is allocated for the long term.

The remainder of the report is an update on the OPEB investment. Councilor Riley asked when this went in and how it was allocated in. Mr. Tranghese said it went in in August 2018, so Sept. 1st, 2018 is the beginning of the reporting cycle. It was dollar cost averaged in over the fourth quarter.

B. 7-1-18 Valuation Review – Michelle Boyles, Milliman

Ms. Boyles presented a snapshot pension valuation report for July 1st, 2018. A copy of the report is with the original minutes. The report is intended to review events and trends of the year, to make sure that the Town is still on track for pension funding, and to predict future trends to determine the Town's contribution for the next fiscal year. They are assuming a 6.75% return on assets. This is of course is subject to change, in accordance with market fluctuations and inflation. Since the

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Town and Board of Education pension programs are closed to new members, over time the number of active members will decrease, and the inactive members (retired employees receiving pension payouts, and former employees not yet eligible for payouts) will increase and eventually cap out. Projected benefit payments are going to increase over the next 20-year period as more people retire, so more payments will be going out and fewer contributions going in. However, the pension fund is predicted to be well-funded by that point.

4. Miscellaneous

No business.

5. Schedule the Next Meeting

The next regular meeting was scheduled for May 2nd, 2019 at 8:30 a.m. in the Madden Room.

6. Adjournment

Chief Scott Custer made a motion to adjourn at approximately 9:17 a.m. Ms. Chris Chemerka seconded the motion; and it was approved, unanimously.

Respectfully submitted,

Samara Haddock
Recording Secretary