

TO BE APPROVED AT THE NEXT BOARD MEETING

**PENSION AND RETIREE BENEFITS BOARD**  
**WEDNESDAY January 24, 2024 5:45PM**  
**REGULAR HYBRID MEETING MINUTES**

The January 24, 2024 Pension and Retiree Benefits Board Meeting was a hybrid meeting was accessible through Microsoft Teams by dialing +1 929-235-8441, access code 525367891#. This call was recorded.

2024 JAN 26 AM 10:29  
TOWN CLERK  
EAST HARTFORD

1. The meeting was called to order by John Murphy, Chairman at 5:49 PM
2. Roll Call:

PRESENT: John Murphy, Chairman -remote  
Esther B. Clarke, Member  
Marcus Rice, Member  
Ellen McCreery, Member

ALSO PRESENT: Melissa McCaw, Finance Director  
Ben Lavine, Freedom Advisors  
Chris Kachmar, Fiducient  
Matt Fratini, Fiducient  
Terry Jones, HR Benefits

ABSENT EXCUSED: Harry Amadasun, Member

3. **PUBLIC PARTICIPATION:** None

4. **ACCEPTANCE OF MINUTES:**

- a. Acceptance of Minutes of Regular Hybrid Meeting of December 13 , 2023  
Motion to accept December 13, 2023 meeting minutes made by Marcus Rice and Esther Clarke seconded motion.  
All in favor. Motion approved.

5. **REPORTS:**

- a. Pensions and OPEB Trust:
  1. Retirement Reports as of December 30, 2023 – Melissa McCaw
  2. Fiducient Report – Chris Kachmar and Matt Fratini
  3. Freedom Advisors - Ben Lavine

Finance Director McCaw provided an update, reviewed Market Value of Investments for Pension Fund and OPEB Trust.

*YTD thru December 2023			OPEB Trust		
		FY2023	FY2024		
		Actuals	Town	BOE	Total
Proj Revenue Sources		7,554,909	5,327,556	1,294,930	6,622,487
Total Proj Expenditure Sources		6,844,244	4,686,718	1,785,652	6,472,369
			72%	28%	100%
Net Surplus (Deficit) to Fund		710,665	640,839	(490,721)	150,118

PENSION FUND					OPEB		
Month	Aetna	Schwab Equity 3DL	Schwab Fixed Fiduc	Total Portfolio	Fiducient Bonds	3DL Equities	TOTAL
Start of Year	3,213,419	143,017,887	82,732,652	228,963,958	5,059,260	8,209,884	13,269,144
Town Contribution		22,504,398		22,504,398	820,400	1,230,600	2,051,000
July, 23	3,158,388	146,143,724	83,030,323	232,332,436	5,903,044	9,754,975	15,658,019
August, 23	3,240,230	160,924,284	83,213,003	247,377,517	6,198,962	9,175,044	15,374,006
September, 23	3,253,853	153,161,165	81,175,603	237,590,620	6,029,253	8,865,210	14,894,463
October, 23	3,198,680	145,566,889	79,959,609	228,725,178	5,933,790	8,575,729	14,509,519
November, 23	3,279,907	153,694,983	83,549,127	240,524,018	6,214,645	9,202,155	15,416,799
Boe Contribution		397,130		397,130			
December, 23	3,271,687	160,172,636	86,944,389	250,388,713	6,477,552	9,728,009	16,205,561

Chair moves to next item.

Chris Kachmar and Matt Fratini of Fiducient reviewed Market Themes and Fixed Account Report as of December 31, 2023 for both the Pension and OPEB accounts which were valued at \$86,933,036 and \$6,477,552 respectively.

		FISC			
	<u>MTD</u>	<u>YTD</u>	<u>1YR</u>	<u>3YR</u>	<u>5YR</u>
Pension	5.3	6.3	12.8	4.1	6.7
Benchmark	4.7	6.0	16.0	2.8	8.0
OPEB	4.2	4.2	6.8	-2.8	2.0
Benchmark	3.7	3.4	5.5	-3.0	1.2

Chris Kachmar -we identify good managers and diversify. Matt Fratini looks at the Manager Performance report for Fixed Income; Metropolitan West a nice performance for the year. Brandywine up 12.6%. Pension performance overview up 13% for the calendar year. Our recommendation to move out of Met West to Dodge Cox. With all the turn over at Met West; two new staff who haven't been on the team before. Suggests to rotate to a stable manager. They are the very best fit.

OPEB Trust portfolio-complexions of managers, like to have a blend of conservative and aggressive. Met West is more conservative – asset allocation at \$2,262,846 with Western Asset being more aggressive with asset allocation of \$2,279,418. Suggests Income Research and Management/Harbor Core to replace Met West in the OPEB Trust. They are more conservative and will blend well with Western Asset.

Ben Lavine reporting as Freedom Investment Management. Reviewed the Equity Asset Management reports for Pension and OPEB as of December 31, 2023. Reports show the Equity portion of the investment value is at \$160,224,572.68 and \$9,728,008.95 respectively.

	<u>MTD</u>	<u>YTD</u>	<u>1YR</u>	<u>3YR</u>	<u>5YR</u>
<b>Pension Investment</b>	7.43	16.66	16.66	7.65	9.16
<b>Pension Cash</b>	1.98	2.28	2.28	0.82	0.65
<b>OPEB</b>	5.73	16.32	16.32	7.15	8.70

November/December were good for Equities. Mid and small caps outperformed large caps. International in line with U.S. China continues to lag. Markets Value performed better than Emerging Markets.

Market Commentary Outlook- important to mention

If the Fed pursues the easing campaign anticipated by the markets (6-7 rate cuts in 2024), then rate-sensitive segments such as small caps, cyclicals, financials, and real estate as well as those with marginal balance sheets would likely benefit. A weaker U.S. dollar makes foreign markets and hard assets (i.e. commodities) more attractive.

Update Capital Market Assumptions f Freedom forecasts that a 60/40 portfolio consisting of Global Stocks and US Investment Grade Bonds is projected to return approximately 6.7% nominal return (4.5% inflation-adjusted) over the long run based on year-end valuations. 6.2% (4.0% inflation-adjusted) for a U.S. stock-only portfolio, using 2.2% for long-term inflation forecast. f Our long-term expected nominal rate of return for global equities: 8.2% (6.0% earnings yield +2.2%). For the U.S. equities: 7.3% (5.1% earnings yield +2.2%) f U.S. Fixed Income: Projected Yield-to-Worst on Bloomberg/Barclays US Aggregate Bond Index is 4.5% (down from 4.6% last year) and +2.3% on a long-term inflation-adjusted basis.

Chair moves to next item.

## **6. COMMUNICATIONS**

- Victoria Riley – Para (BOE) – Retired 11/13/2023
- Sheryl Stevenson – Executive Secretary (BOE) – Retired 12/15/2023
- John Wetmore – Parks Maintainer Mechanic (Town) – Retired 12/15/2023
- Stephen Harlow – Parks Garage Attendant (Town) – Retired 12/15/2023

No action

**7. NEW BUSINESS:**

Motion by Ellen McCreery to accept recommendation by Fiducient to move fixed income funds from Met West to Dodge and Cox. Motion seconded by Esther Clarke. All in favor. Motion approved.

Motion by Ellen McCreery to accept recommendation by Fiducient to move OPEB Trust funds from Met West portfolio to Harbor Core. Motion seconded by Esther Clarke. All in favor. Motion approved.

**8. OLD BUSINESS: none**

**9. APPROVAL OF DISBURSEMENTS:**

- a. Clerk for Pension & Ret. Benefit Board meeting for 1/24/24 \$ 125.00
- b. Segal Invoice # ES004200 -review of DRO and recommended changes \$ 350.00
- c. Segal Invoice # ES005443 –consulting fees 10/1-12/31/23 \$7675.00
- d. Segal Invoice#ES004765 –benefit calculations November \$1725.00
- e. Fiducient invoice#352-12312023 Consulting quarter 10/1-12/31/23 \$8750.00
- f. Fiducient invoice #1411 do not pay qrt consulting informational only \$ 875.00
- g. Milliman invoice#54EHF1223 –GASB 75 Disclosure report as of 6/30 \$3900.00

Motion by E. Clarke to pay clerk for 1/24/24 meeting. Motion seconded by Marcus Rice. All in favor. Motion approved.

Motion by E. Clarke to pay Segal invoice#ES004200 for \$350. Motion seconded by E. McCreery. All in favor. Motion approved.

Motion by Esther Clarke to pay Segal invoice #ES005443 for \$7675. Motion seconded by E. McCreery. All in favor. Motion approved.

Motion by E. Clarke to pay Segal invoice#ES004765 for \$1725. Motion seconded by E. McCreery. All in favor. Motion approved.

Motion by E. Clarke to pay Fiducient invoice#352-12312023 for \$8750. Motion seconded by E. McCreery. All in favor. Motion approved.

Motion by E. Clarke to approve the debt transaction for Fiducient invoice#1411. Motion seconded by M. Rice. All in favor. Motion approved.

Motion by E. Clarke to pay Milliman invoice#54EHF1223 for \$3900. Motion seconded by M. Rice. All in favor. Motion approved.

**10. QUESTIONS BY BOARD MEMBERS:**

Marcus Rice asks Ms. McCaw where are we in the budget process?

On February 20<sup>th</sup> there will be a budget presentation at the Town Council meeting. By Town Charter the budget is due to be recorded in the Town Clerk's office by February 23<sup>rd</sup>.

Esther Clarke shares that she has been appointed to the MDC Commission board.

**11. ADJOURNMENT:**

There being no further business,

Chairman Mr. Murphy enters motion to be made for adjournment.

Motion by E. McCreery to adjourn meeting, seconded by Mr. Rice to adjourn meeting at 7:10PM  
All in favor. Motion was approved.

Next meeting February 28, 2024 at 5:45PM

Location Community Cultural Center, 50 Chapman Street

Respectfully submitted,  
Sana Hart, Clerk