



(Unapproved Minutes)

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Patrick B. O'Sullivan
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Pension Board Regular Meeting

Town of Orange, Connecticut

Meeting Room – Town Hall

May 16, 2019 – 7:00 p.m.

ATTENDANCE

Board Members Present: Chairman Eric Hendlin, Barbara Miller, Jeffrey Fernandes, and Mitchell Goldblatt

Board Members Absent: Paul Dinice

Staff: John Cifarelli, Finance Director; Deborah Satonick, Recording Secretary

Guests: Chris Kachmar, Fiduciary Investment Advisors

Chairman Eric Hendlin called the May 16, 2019 Pension Board meeting to order at 7:00 p.m.

1. Public Participation

- There was no public participation at this time.

2. Review and Approve Minutes – December 6, 2018 & March 21, 2019

December 6, 2018

- The Board members reviewed the minutes and made revisions as needed.

Mr. Goldblatt made a motion to approve the revised December sixth, 2018 Pension Board minutes, seconded by Ms. Miller. All were in favor and the motion PASSED.

March 21, 2019

Ms. Miller made a motion to approve the March twenty-first, 2019 Pension Board minutes, seconded by Mr. Goldblatt. All were in favor and the motion PASSED.

- Mr. Goldblatt inquired how the 6.75% expected rate of return was determined, as the average rate of return for the past ten years has been about 10%. Mr. Kramar noted that Milliman uses a seventy-year forecast while Fiduciary uses a twenty-year projection.

3. Quarterly Investment Results from March 31, 2019

- Mr. Kachmar reviewed the fee schedule with the Board members. He then presented the quarterly investment results for the first quarter. He noted that the first quarter had excellent returns and proved to be the best first quarter since 1998. The Federal Reserve has also held up their commitment of no interest rate increases and the future market is promising a greater chance of an actual rate cut.
- Mr. Kachmar noted that all of the managers are on “maintain” status. Mr. Kachmar presented the benchmarks for each of the individual funds and noted that benchmarks were met this quarter. BlackRock Strategic Income Opportunities K was originally added to the portfolio for protection against interest rate hikes and since interest rates have stabilized, there is less of a need for this product. Mr. Kachmar advised that he would recommend a change of allocation and mix of the portfolio of investments.

4. Discussion and Possible Vote to Change Allocation & Mix of Portfolio of Investments

- Mr. Kachmar used the Cash Flow Worksheet on pages #82 in the Fiduciary Quarterly Investment Review handout to show the proposed allocation changes that are recommended. The recommendations include the following: Reallocate fixed income allocations to the proposed targets, Trim Harbor Capital to 6.5% and reallocate the proceeds to the American Beacon Large Cap Value, terminate Van Eck Global Hard Assets and reallocate proceeds to the Vanguard 500 Index Fund, and trim Credit Suisse Commodity Return and Vanguard Short-Term Inflation and reallocate proceeds to the American Funds EuroPacific Growth Fund.

Mr. Goldblatt made a motion to approve the recommended portfolio allocation changes as presented by Mr. Kachmar from the Cash Flow Worksheet on page #82 of the Fiduciary Quarterly Investment Review. Ms. Miller seconded the motion and all were in favor. The motion PASSED.

5. Announcement of Wells Fargo Sale of Custodial Business

- Chairman Hendlin reported that Wells Fargo Institutional Retirement and Trust business will be sold to Principal Financial Group, a retirement industry leader. Mr. Cifarelli indicated many of the same individuals will continue to work with Ms. Geer in handling the custodial services, such as pension payments.
- Mr. Cifarelli advised that representatives met with employees to discuss their individual pension plans. This one-day event was very well attended. Mr. Goldblatt suggested scheduling another day during the summer or during school breaks to facilitate a convenient time for the members of the Orange Board of Education to attend.

Mr. Goldblatt made a motion to add “Bipartisan Budget Act of 2018” as Item #6 on the Agenda. Ms. Miller seconded the motion and all were in Favor. The motion PASSED.

6. Discussion of Bipartisan Budget Act of 2018

- Mr. Cifarelli explained that this act will make it easier for employers to handle hardship distributions. This act makes hardship distribution rules less restrictive in three significant ways:
 1. Elimination of the six-month suspension following hardship withdrawals.
 2. Elimination of the requirement to take available loans before a hardship withdrawal.
 3. Expansion of amounts available for hardship withdrawals.

- It was suggested that a motion of approval be tabled in order to review the current wording of the existing Pension Plan rules for hardship distributions.

7. Adjournment

Mr. Hendlin moved to adjourn the meeting at 8:09 p.m., seconded by Mr. Fernandes. All were in favor and the motion PASSED.

Respectfully Submitted,

Deborah Satonick
Recording Secretary