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*Mitch O'Sullivan*  
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(Unapproved Minutes)

### Pension Board Regular Meeting

Town of Orange, Connecticut

Meeting Room – Town Hall

August 15, 2019 – 7:00 p.m.

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#### ATTENDANCE

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

**Board Members Absent:** Paul Dinice and James Kline

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

**Guests:** Chris Kachmar, Fiduciary Investment Advisors; Michelle L. Boyles, Milliman

Chairman Eric Hendlin called the August 15, 2019 Pension Board meeting to order at 7:03 p.m.

#### 1. Public Participation

- There was no public participation at this time.

#### 2. Review and Approve Minutes –May 16, 2019

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

*Mr. Goldblatt made a motion to approve the amended May sixteenth, 2019 Pension Board minutes, seconded by Ms. Miller. All were in favor and the motion PASSED.*

#### 3. Actuarial Presentation by Milliman – Michelle L. Boyles

- Ms. Boyles gave a detailed presentation of the current Police and Employee Pension and Retirement Income Plans. She began with an overview of current membership, noting that there are five active members in the Police plan and ten active members in the Employee plan. She presented the statistical data on possible retirements for each of the plans, reporting that the average annual benefit for police is \$46,068 and \$13,407 for Town employees.
- Ms. Boyles reported that the calendar year 2018 ended with substantial losses of -6.64% for Police and -6.58% for Town Employees. Due to these 2018 results, reducing the expected rate of return from 6.75 % to 6.50% was discussed in some detail. Ms. Boyles

also reported that the Police Pension is funded at slightly less than 60%, while the Employee Pension Plan is funded at 72.9%.

- Ms. Boyles indicated that next year she will be introducing the new “generational mortality table” as life expectancy has changed significantly. This will impact both plans as individuals are now living longer. She also explained that the Pension Board members will need to make a decision regarding Open Amortization or Layered Amortization for the Town Employee Pension and Retirement Income Plan. She explained both options in great detail. After careful consideration and much discussion, it was agreed to reduce the expected rate of return from 6.75% to 6.50% and convert to a Layered Amortization for the Town Employee Pension Plan.

***Mr. Goldblatt made a motion to reduce the expected rate of return from 6.75% to 6.50% and convert to a Layered Amortization with the actuarially determined contribution of \$1,505,002 for the Police Pension Plan and \$475,355 for the Town Employee Pension Plan. Ms. Miller seconded the motion and all were in favor. The motion PASSED.***

- Mr. Cifarelli inquired about how to find information if out-of-state retirees have died. Mr. Goldblatt indicated that often times their assets are frozen or there is an obituary in the local papers. This is a question that will be addressed to Wells Fargo at the next Pension Board meeting, as this is a part of their services to the Town of Orange. Mr. Cifarelli noted that the transition to Wells Fargo has been going well.

#### **4. Quarterly Investment Results from June 30, 2019**

- Mr. Kachmar invited all Pension Board members to attend the Capital Markets Review on Thursday, September nineteenth. He proceeded to give an overview on the Investment Policy Statement, noting the changes on Appendix A, page 7, of the Fiduciary Quarterly Investment Review – Second Quarter 2019. {See addendum attached and filed at Town Hall}

***Mr. Goldblatt made a motion to adopt the recommended changes for the target asset allocation for the Police and Town Employee Pension Plans as presented in the Appendix A, page 7, of the Fiduciary Second Quarterly 2019 Report. Ms. Miller seconded the motion and all were in favor. The motion PASSED.***

- Mr. Kachmar noted that he made the asset portfolio changes that were approved at the last Pension Board meeting. He felt that this is the appropriation asset allocation and no additional changes are recommended at this time. He also mentioned that the inverted yield curves suggest a possible recession in the future.
- Mr. Kachmar reported that the current U.S. expansion is now the longest on record. Lastly, he noted that the Manager for Morgan Stanley Global Real Estate (MRLAX) is currently on watch status.

5. **New Business**

- Mr. Cifarelli advised that representatives from Mutual of America as well as Wells Fargo will be invited to their next Pension Board meeting scheduled November twenty-first, 2019. There was no additional new business at this time.

6. **Adjournment**

*Ms. Miller moved to adjourn the meeting at 8:39 p.m., seconded by Mr. Goldblatt. All were in favor and the motion PASSED.*

Respectfully Submitted,

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Deborah Satonick  
Recording Secretary