



Pension Board Meeting
Town of Orange, Connecticut
Virtual Meeting
August 20, 2020 – 7:00 p.m.

Approved Minutes

ORANGE, CONN.
TOWN CLERK'S OFFICE
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Michael B. O'Sullivan
TOWN CLERK

ATTENDANCE

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

Board Members Absent: Jeffery Fernandes

Staff: John Cifarelli, Finance, Director; Chris Kelly, OGAT; Ann Denny, Recording Secretary

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

1. **Call to Order**

Chairman Eric Hendlin called the August 20, 2020 Pension Board meeting to order at 7:03 p.m. Due to the State & Federal emergency the meeting was held using the zoom technology.

2. **Public Participation**

None

3. **Review and Approve Minutes from May 21, 2020**

Mitch Goldblatt made a motion to approve the May 21, 2020 Pension Board minutes as presented, seconded by Barbara Miller, the motion passed 3-0.

4. **Actuarial Presentation by Michelle L. Boyles from Milliman**

Ms. Boyles gave a detailed presentation of the current Police and Employee Pension and Retirement Income Plans, noting it was a stable year for both plans and the December 31, 2019 market recovered significantly. She began with an overview of current membership, noting that there are five active members in the Police plan and seven active members in the Employee plan. The plans are very mature, right now more benefits are being paid out than there are contributions coming in due to more members in the pay status than active members. The 2019 rate of return was 19.23% on a Market Value basis. To help smooth the ups and downs in the plan's investment returns the investment gains and losses are smoothed out over five years. This is the Actuarial Value of Assets which is better to use for budgeting the Town's contributions to the plan. Liability has grown over time and every time the interest rate is decreased the liability increases, but the contribution rate has remained relatively stable.

5. **Discussion and vote of possible rate assumption decrease of ¼ of percent per year and mortality table update**

Ms. Boyles reviewed the new Public Plan Mortality table. The Society of Actuaries did a study of public plan mortality including public safety, town employees, and teachers. The three tables they developed were put together in one final report Pub-2010. Public plan employees generally live longer than private sector employees. Ms. Boyles strongly recommends using the updated Public Plan Mortality tables which is also what the auditors push to use. Generational mortality is a best practice verses using Static and Scale AA for mortality projections. Ms. Boyles recommendation is to use the new mortality table and keep the interest rate the same. After much discussion *Mitch Goldblatt made a motion to adopt the Pub-2010 and smooth the contribution impact of the increase over two years, and reduce the rate of return from 6.5% to 6.25% for both the Police and Town Employee plans, seconded by Barbara Miller, the motion passed 3-0.*

6. **Quarterly Investment Results from June 30, 2020**

Mr. Kachmar reviewed the Governance Calendar and reaffirmed that the policy statement is in good working order. Regular updates with Wells Fargo on the consolidation are going according to plan. There was excellent recovery in the second quarter, high yield bonds over 10% and the S & P was up 21% in the second quarter. Under asset allocation there are two strategies on watch American Beacon Large Cap Value Instl and Templeton Instl Foreign Smaller Companies Fund Adv, and as discussed in May the Morgan Stanley Instl Global real Estate fund was changed to Cohen & Steers Global Realty I, and everything else is on maintain. The total plan is up over 15% in the second quarter and the YTD is on track.

7. **New Business**

None

8. **Adjournment**

Barbara Miller made a motion to adjourn the meeting at 8:46 p.m. Mitch Goldblatt seconded the motion. All voted in favor and the motion passed 3-0.

Respectfully Submitted,



Ann Denny, Recording Secretary