Retirement Commission
Meeting Minutes
Zoom Meeting

Wednesday, February 16, 2022
5:30pm

Present: Chair Susan Driscoll, Richard Muckle, Linda Finnegan, Chris Gamble

Absent: Kevin Petchark, Craig Merriman, Robert Brule, First Selectman

Staff: Kimberly Allen, Director of Finance, and Maryellen McConnell, Secretary

1. Meeting called to order at 5:35 pm.

2. Public Comment: There was no public comment.

3. Approval of minutes from the meeting of December 15, 2021.

   Motion by Richard Muckle and **seconded** by Linda Finnegan to approve the minutes as presented.

   Vote: 3-0-1 **Abstain: Chris Gamble** **Motion: Passed**

4. Consideration of 4Q21 Quarterly Investment Review: Devon Francis of Fiducient Advisors presented the main take-aways from the very detailed report, fielded members' questions, and discussed the past and forecasted impacts of record-breaking volatility in the stock market on our pension and OPEB investment portfolios' performance.

   She began by noting that Fiducient Advisors had been working closely with Principal Trust Company, which recently purchased Wells Fargo. Full conversion to the new service provider (e.g., for online account management, benefit payments, and money transfers) is to begin February 18. She anticipated that the conversion should not trigger any practical changes for the town.

   Ms. Francis reported that last year's strategy, approved by the Commission, to slightly alter the allocation of assets in our two portfolios to better our position in the pandemic-driven volatility of the stock market was successful. Hooker & Holcome, our actuaries, had set rate-of-return targets of 6.25% for our pension portfolio and 6.5% for our OPEB portfolio. The performance summary data for 2021 shows that both targets were met and that overall return rates since each plan's inception (in 2016 and 2017, exceed the targets.

The QIR includes 20-year forecasts for the pension and OPEB plans, with three options for portfolio asset allocations geared toward meeting return targets. Ms. Francis noted that given the current environment, her firm is assuming lower returns for the 10-year full market cycle. She offered frank comments about ongoing challenges, including rising inflation, spiking oil costs, supply chain issues, and indications that the Fed plans to hike interest rates. But she added that there has been late-breaking good news, including positive changes in the government's reports on jobs and household debt. Based on all the indicators, her firm is cautiously optimistic that inflation will gradually moderate to just north of 3% by the end of 2022. As before, she will continue to monitor and assess and will contact us immediately if a change in asset allocation strategy is warranted to meet our return targets.

5. Review of the revised Retirement Commission FY23 budget - The revised budget submitted to and approved intact by-the Board of Selectmen incorporated all of the changes requested by the Commission at the December 15, 2021, meeting. Finance Director Allen also utilized more recent actual expenses to recalculate-and reduce-our Pension Contributions (Line 51940) request in the budget.

6. Review of Pension and OPEB Funds – Wells Fargo 4Q21: For the benefit of new members, Finance Director Allen explained that these reports are best considered in conjunction with the Quarterly Investment Reviews; the QIRs show performance of our invested funds, while the Wells Fargo reports focus on cash flow, including pension benefits paid and administrative/investment fees. She noted that Town Treasurer Abbas Danesh had reviewed the reports and had found no red flags. She added that, at present, there are no changes in our contacts or fees resulting from the recent acquisition of Wells Fargo by Principal, but she will keep us posted.

7. Consideration of tentative meeting schedule: The next meeting is tentatively scheduled for April 20, 2022 at 5:30pm, pending availability of data for review.

8. Adjournment:

Motion by Richard Muckle and **seconded** by Chris Gamble to adjourn at 6:28 p.m.

Vote: 4-0-0 **Motion: Passed**

Respectfully submitted,

Maryellen McConnell

Maryellen McConnell, Secretary