

TO BE APPROVED AT THE NEXT BOARD MEETING

PENSION AND RETIREE BENEFITS BOARD
WEDNESDAY December 13, 2023 12:30PM
REGULAR HYBRID MEETING MINUTES

2023 DEC 18 PM 3:32
Amadasun
deputy
CITY MANAGER

The December 13, 2023 Pension and Retiree Benefits Board Meeting was a hybrid meeting was accessible through Microsoft Teams by dialing +1 929-235-8441, access code #. This call was recorded.

1. The meeting was called to order by John Murphy, Chairman at 5:50 PM.
2. Roll Call:

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

ALSO PRESENT:

Melissa McCaw, Finance Director
Ben Lavine, Freedom Advisors
Chris Kachmar, Fiducient
Matt Fratini, Fiducient
Henry Nearing, Alex Presnal, and Sarah Monde, Segal Group
Tryon Harris, Human Resources Director
Terry Jones, HR Benefits
Mayor Connor Martin

3. **PUBLIC PARTICIPATION:** None

4. **ACCEPTANCE OF MINUTES:**

- a. Acceptance of Minutes of Regular Hybrid Meeting of October 25 , 2023
Motion to accept October 25, 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 November 30, 2023 – Melissa McCaw
 2. Fiducient Report – Chris Kachmar and Matt Fratini

3. Freedom Advisors - Ben Lavine

4. Segal Group- Henry Nearing, Alex Presnal & Sarah Monde

Finance Director McCaw provided an update, reviewed Market Value of Investments for full plan year.

Month	PENSION FUND				OPEB		
	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

FYTD thru October 2023

OPEB Trust

	FY2023		FY2024	
	Actuals	Town	BOE	Total
Surplus (Deficit) @ 6/30/2023	12,499,127	7,648,098	5,621,045	13,269,144
		61.64%	42.36%	100.00%
Proj Revenue Sources	7,554,909	4,331,691	702,697	5,034,388
Total Proj Expenditure Sources	6,844,244	4,305,744	1,924,714	6,230,458
Net Surplus (Deficit) to Fund	710,665	69%	31%	
Adj to Tie to Inv Statement	59,352	25,947	(1,222,017)	(1,196,070)
Projected Net Surplus (Deficit)	13,269,144	7,674,045	4,399,028	12,073,074
		0.34%	-21.74%	-9.01%

Final audit will be January of 2024. Town Council makes adjustment of 10.25% and the excess will go to the OPEB Trust Fund.

E. Clarke comments hopes for a better year.

Mayor Martin always hope for a better year. Need to meet our requirement to fully meet our obligation.

H. Amadasun agrees to more of a realistic rate to use for pension. Question to Ms. McCaw regarding surplus. We closed at \$2.1M surplus to fund balance >2.5% will go to OPEB. Council adopted a threshold to 15%; aligns us with best practices.

Claims continue to go down. Will continue to monitor.

E. McCreery asks what is the excess liability for claims. Ms. McCaw states the stop loss is \$250,000.

No further questions Chair moves to next item.

Chris Kachmar and Matt Fratini of Fiducient reviewed Market Themes and Fixed Account Report as of November 30, 2023 for both the Pension and OPEB accounts which were valued at \$83,537,778 and \$6,214,645 respectively.

	<u>MTD</u>	<u>FISC YTD</u>	<u>1YR</u>	<u>3YR</u>	<u>5YR</u>
Pension	6.5	1.0	4.9	3.5	4.7
Benchmark	7.6	1.2	7.8	2.2	6.2
OPEB	4.7	0.0	1.9	-3.9	1.4
Benchmark	4.4	-0.3	1.3	-4.1	0.8

Ben Lavine reviewed equity reports.

Equity Asset Management reports for Pension and OPEB as of November 30, 2023. Reports show the Equity portion of the investment value is at \$153,694,983.13 and \$9,202,154.67 respectively.

	<u>MTD</u>	<u>YTD</u>	<u>1YR</u>	<u>3YR</u>	<u>5YR</u>
Pension Investment	7.57	10.10	6.73	7.30	6.33
Pension Cash	0.22	1.55	1.60	0.58	0.53
OPEB	7.31	10.02	6.61	6.82	5.98

Ben Lavine explains October Commentary. Concerns building up to November. Federal Reserve could put in rate cuts pulled up to March/April. November a strong month. As inflation eases may see a change in unemployment. When long-term rates settle down even if core inflation remains well above the Fed's long-term 2% average target and the labor market remains at historically tight levels even as hiring slows down.

Segal reports. Henry Nearing explains the following reports.

The actual cost of the plan is the participants. Actuarial evaluation is an assumption tool, evaluation is self-correcting.

Change in Actuarially Determined Contribution (ADC)

ADC for Fiscal Year Beginning July 1, 2023	\$22,901,528
Expected Amortization Increase (based on 3.25% payroll growth) ¹	625,000
Change Due to Demographic Experience ²	192,000
Change Due to Recognition of Investment Loss ³	553,000
Change Due to Assumptions (summarized on page 1)	100,000
Change due to COLA plan change	(40,000)
Other Plan Actuarial Experience	(38,528)
ADC for Fiscal Year Beginning July 1, 2024	\$24,293,000



¹ Final year expected amortization increase is \$1.24 million compared to \$0.62 million for current year.

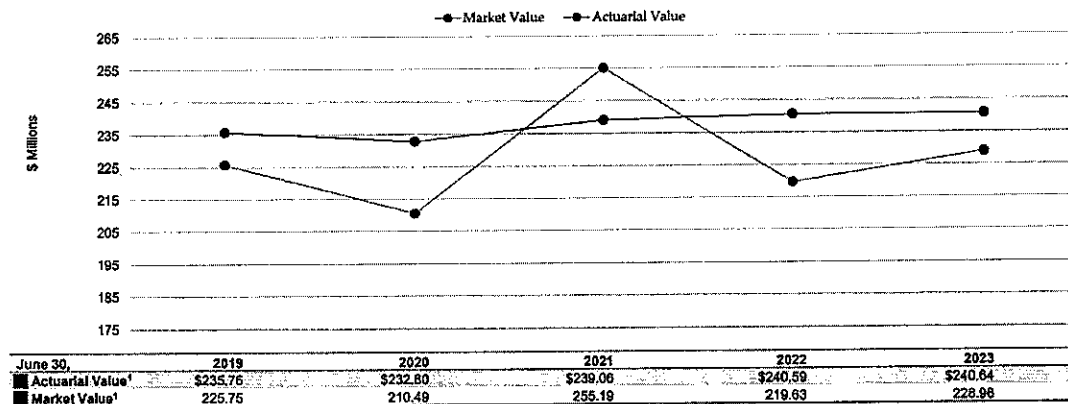
² Includes gains and losses due to mortality, pay, turnover, and retirements different than expected (about 0.5% of liability/assumptions were 99.5% accurate).

³ See page 4 for details

Decreasing discount rate from 7.20% to 7.00% would increase the ADC an additional \$0.8 million.

There was a 3.25% growth in payroll.

Actuarial Value of Assets vs Market Value of Assets



¹ In \$ millions

No questions, chair moves to next item.

6. COMMUNICATIONS

1. Sandra Franklin – Benefits Administrator (Town) – Retired 10/3/2023
2. John Riveglia – Custodian (BOE) – Retired 10/1/2023 DROP
3. Sue Marquis – Apparatus Operator (FIRE) – 10/3/2023

No action

7. NEW BUSINESS: none

Approval of 2024 Calendar

Motion made by E, McCreery to approve 2024 Calendar. Motion seconded by M. Rice. All in favor.

Motion approved

8. OLD BUSINESS: none

9. APPROVAL OF DISBURSEMENTS:

- | | |
|--|-----------|
| a. Clerk for Pension & Ret. Benefit Board meeting for 12/13/23 | \$ 125.00 |
| b. Fiducient Quarterly Invoice July 1- September 30, 2023 | \$8750.00 |
| c. Segal Invoice ES001658 for benefit calculations | \$3475.00 |
| d. Segal Invoice ES004199 for benefit calculations | \$2300.00 |

Motion to pay the clerk for this meeting by Ellen McCreery. Motion seconded by Esther Clarke.

All in favor. Motion approved.

Motion to pay Fiducient Quarterly Invoice in the amount of \$8750.00 made by Marcus Rice and seconded by Ellen McCreery. All in favor. Motion approved.

Motion to pay Segal Invoice ES0001658 in the amount of \$3475.00 made by Ellen McCreery and seconded by Marcus Rice. All in favor. Motion approved.

Motion to pay Segal Invoice ES0042199 in the amount of \$2300.00 made by Esther Clarke and seconded by Marcus Rice. All in favor. Motion approved.

10. QUESTIONS BY BOARD MEMBERS: none

11. ADJOURNMENT:

There being no further business,

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

Motion by Esther Clarke to adjourn meeting, seconded by Ellen McCreery to adjourn meeting at 1:54PM
All in favor. Motion was approved.

Next meeting January 24, 2024 at 12 PM

Location Community Cultural Center, 50 Chapman Street

Respectfully submitted,
Sana Hart, Clerk