

Ridgefield Pension Commission
Minutes of the Meeting of January 22, 2018

The meeting convened in the small conference room of Town Hall at 7p.m.

MEMBERS PRESENT: Messrs. Chris Christiansen, Tom Hayes, Mike Rettger, Chris Sierakowski, Art Aaronson, Chris St. Victor de Pinho, Jim Stoveken

MEMBERS ABSENT: None

OTHERS PRESENT: Mr. Timothy Ryor, Hooker and Holcombe Consulting Actuaries, Mr. Kevin Redmond, Town of Ridgefield

- 1) The members heard a presentation by Mr. Ryor of his analysis of the estimated liability position of the OPEB fund as of July 1, 2017. Mr. Ryor summarized the factors affecting the liability estimate, noting that in their reconciliation of OPEB outlays they had identified a benefit for payment of Part B premiums for certain teachers' groups that had not previously been factored into the estimate analysis.

Members asked Mr. Ryor if there was a comprehensive summary of OPEB benefits provided by the Town and BOE. Mr. Ryor said he was not aware of such a summary, and that his analysis relied on feedback from the Town and BOE reps to indicate if his summary of benefits was complete and accurate (pp 16-17 of his draft report). Members expressed concern about this situation. The Commission, as OPEB plan trustee, and others were making decisions based on the estimates, but there was potential for error in the analysis if the assumptions about the covered benefits were wrong or incomplete. The members agreed that the Town and BOE should be asked to prepare an OPEB summary document for their respective benefits plans, both for better control documentation and to improve the reliability of future analyses.

Mr. Ryor reviewed the estimates of funding needed to achieve payment of current benefits as well as the amortization of unfunded liabilities over the remaining twenty year target timeframe. He explained the concept and tradeoffs of having an escalating amortization model compared to a straight line amortization. The members discussed the projections and how the model would reach the desired amortization target. Mr. Ryor was asked to extend his exhibit to more fully illustrate this outcome in the final version of his report, showing results for 2% and 2.5% escalation choices.

Mr. Ryor will finalize the report with the Commission's inputs, and submit it to Mr. Christiansen. The members agreed that as part of the next analysis, scheduled in two years, that the concept of breaking the amortization into discrete tiers for each analysis update should be considered. Mr. Ryor and Mr. Redmond left the meeting at the completion of the discussion.

The members discussed the current asset mix for the OPEB plan, and whether this should be changed to follow the same mix as the Pension trust fund. It was agreed that this mix would be appropriate given the long timeframe of the liabilities of the OPEB plan, and with the reliance on statements made by finance representatives of the Town and the BOE, that each entity will continue to fund current OPEB payments from the operating budget until such time as the OPEB fund is fully funded.

Voting Action: Upon motion and second, the Committee agreed to modify the asset mix policy of the OPEB plan to match that of the Pension trust, effective as soon as practical.

Mr. Christiansen will notify Vanguard of the change and discuss their thoughts on timing for implementation. Mr. Christiansen and Mr. Aaronson will update the IPS document for Vanguard to reflect this policy change.

2) Upon motion and second, the members approved the minutes of the Commission's December 18, 2017 meeting.

3) Mr. Christiansen presented for review an invoice from TR Paul for check writing services for the prior month.

Voting Action: Upon motion and second, the invoices was approved for payment as presented.

4) Mr. Sierakowski and Mr. Aaronson presented comments on Vanguard's recent performance for the actively managed funds in the Pension portfolio. Mr. Sierakowski noted that the equity funds have performed in line or better than their benchmarks. He also noted that across these several funds, the portfolio is somewhat over-weighted to the IT/tech sector. Mr. Aaronson commented on the recent upward movement in fixed income yields and the tightening of bond spreads. He observed that the fixed income funds' recent performance has benefited from their weighting in mortgage-backed and related securities.

After discussion, the Committee agreed that this commentary was very helpful, but did not need to be done monthly given the stability of the portfolio. It was agreed that we should do this level of review every 3-6 months going forward, as a supplement to the sessions with Vanguard.

In response to a member's question after the prior meeting, Mr. Christiansen and other members reviewed the history of the Plan's investments in the commodity sector in the past. It was suggested that we should ask Vanguard to include some remarks on their thoughts about commodities in the context of the Plan's current asset mix policy at their next presentation to the Committee.

- 5) Mr. Rettger reported that the Town's insurance broker had been informed by Travelers that they were not interested in offering higher limits for the portion of the town crime policy relating specifically to the Commission, and had suggested the broker seek market quotes. The committee agreed that we should ask the broker to pursue such quotes to see if the additional coverage would be economic to purchase.
- 6) Mr. Christiansen reviewed the current status and timeline of the 2018 projects for the Commission. Mr. Rettger reviewed an outline of proposed actions to better align the various governing documents for the Pension trust and the OPEB trust. The members agreed that we should build around a plan to adopt a new Pension trust document that mirrored the 2009 OPEB trust document, which also needs several amendments for clarification of roles and responsibilities. The members also reviewed the elements of the outline that proposed changes to the Town Charter and the Town Code of Ordinances, and discussed whether one or both sets of such amendments should be proposed. It was suggested that Mr. Christiansen meet with First Selectman Marconi to share the outline, so he is aware of the plan, and to solicit his advice for how to pursue the changes suggested.

Mr. Christiansen and Mr. Stoveken will work on the option factors project, to see if they can finalize their analysis and recommendation by the next Commission meeting.

Upon motion and second, the meeting was adjourned at 9:15 p.m.

Moved, seconded and approved at the February 26, 2018 meeting of the Commission

Michael Rettger, Secretary
February 26, 2018