A regular meeting of the Town of West Hartford Pension Board was held on Monday, March 4, 2024 at 7:45 a.m. in room 407 of Town Hall.

The meeting was called to order at 7:46 a.m.

I. Roll Call/Attendance

Pension Board Members: Chair Lazaro Guzman, Commissioners Alan Lebow, Jim Brennan, and Perry Salonia, and Peter Privitera, Director of Finance

Participants/Guests: Mayor Cantor (dial-in), Rick Ledwith, Town Manager, Lisa Newton, Financial Operations Manager, Lori Kearney, Human Resources Specialist, Shauna Dempsey, Personnel Analyst, Chris Kachmar, Fiducient Advisors

Absent: Mary Fay, Town Council

II. Lazaro Guzman, Chair

A. Opening Comments

III. Chris Kachmar, Fiducient Advisors

A. Follow-up from January meeting regarding reconciliation issue raised by Al: Fiducient Advisors will address with the first quarter numbers at the May meeting.

B. January capital markets & portfolio updates

1. Following a strong November and December, markets were primarily down in January with the exception of large cap US equities.
2. Fed rate relief that had been expected in the Spring created momentum in the markets at the end of 2023. Then in January/February, the narrative changed; rate relief not at pace and magnitude as initially thought resulting in a downturn in the markets for January.

C. Asset allocation

1. Pension portfolio showing a slight shortfall at the one-year point (8.5% portfolio return versus 9.4% benchmark). This is partly due to small cap allocation and performance. We own more small cap in Russell 3000 index benchmark segment, and small

cap has not kept pace over the one year period ending in January.

2. Note regarding cash flow numbers – in addition to reconciliation of starting and ending numbers, Al had requested quarterly and YTD numbers along with the one month and one year figures provided (4 columns), plus expenses. Chris said expenses will be shown quarterly, and he will follow up on the other data requested at the May meeting.
3. In February, Peter and Lisa worked with Fiducient Advisors to raise $23 million for liquidity needs. Monies came from the sale of domestic equity (the existing allocation in domestic equity exceeded target) and will be reflected in the quarterly report. The Fund uses these monies to reimburse the Town for benefit payments and expenses. This process is typically done every six months with the next one likely in May/June.
4. The Board reviewed the analysis prepared by Fiducient Advisors and continued its discussion of possible changes to the asset allocation. The current Plan mix is 30% fixed – 70% equity. The Board is considering alternative mixes that de-risk the portfolio and reduce volatility without sacrificing returns. The funded ratio of the Plan (93.5%) will also be considered when making any change. Chris offered his top three choices from the analysis: 1) Option A - Current Mix, 2) Option C - 35% FI Current Asset Classes, and 3) Option D – 35% Fixed Income. Lazaro proposed that the Board would be ready to make a decision on the allocation mix at the May meeting.

D. Investment Manager Discussions

1. Barings
    a. Barings continues to struggle. We have a 50% redemption request in. They anticipate satisfying half of that request this year.
    b. NCREIF Fund Index – ODCE (open end real estate funds) uses Altis, the approved third-party vendor, to appraise property for all 27 of the open ended funds. This is the basis for calculating returns in the index. Barings has chosen to re-underwrite the portfolio rather than use Altis. Barings thinks Altis is not aggressive enough, that

their cap rates are too low, and that they are not reasonable and reflective in the market. Barings has taken a stricter, more conservative, perhaps fairer view of the real estate market than many of their peer funds. This potentially penalizes their numbers compared to the Altis appraisals, but Barings thinks this better positions them if the market stabilizes and rebounds. Barings' one-year numbers do not look good on the surface, but Fiducient Advisors' analysts think the underwriting and appraisal effort Barings has done is fair. Lazaro expressed concern over Barings' strategy and its impact on the Pension Fund. Given that we are in redemption mode with Barings, it is detrimental to the Fund if Barings marks properties lower than the third-party vendor. We could be redeeming at higher prices. Chris will do additional research and include the analyst for the May meeting.

2. Met West – Remains on "watch" status due to the transition in the management team and concern over two new team members. However, Met West had a good 4th quarter and solid current performance. More information to be provided at the May meeting. No recommendation to terminate yet.
3. Pier Capital – Fee Analysis. The Board periodically reviews the incentive fee structure by which Pier Capital is paid. The analysis provided by Fiducient Advisors compares the fees paid under the incentive fee structure with what would have been paid to Pier Capital under the flat fee structure. The exhibit shows that during the period from 2001 – 2023, they have been paid $221,274 more under the incentive fee structure than they would have been paid under the flat fee structure. The incentive fee structure has been maintained by the Board, but it can be changed at any time.

IV. Peter Privitera, Director of Finance

A. AON acquisition of Fiducient Advisors – no impact to Fiducient Advisors with this acquisition

V. Lori Kearney, Human Resources Specialist

A. Meeting calendar for 2024 – next meeting May 13, 2024
B. Summary of items under Formal Actions

VI. Formal Actions

A. Minutes

1. Approval of the minutes for the regular meeting held on Monday, January 22, 2024.

Motion by Chair Guzman to approve the minutes for the regular meeting held on Monday, January 22, 2024. Motion seconded by Peter Privitera. All in favor. Motion passed.

B. Pension Administration

Motion by Chair Guzman to approve all items under Pension Administration. Motion seconded by Perry Salonia. All in favor. Motion passed.

1. Memberships
BOE – Duha Al Yamani, Amanda Caez, Mackenzie Cristman, Jeremy Del Valle, LaNae Dennis, Nicholas DiPietro, Karenna Geno, Taylor Goodwill, David Guardino, Erin Hubbard (Noted as being reported twice. Database has been corrected for erroneous double entry.), Louise Hyland, Rachel Leibin, Cara McCormick, Kyle Nye, Gabriela O'Brien, Olivia Ozycz, Jonathan Payne, Alyssa Phelan, Shirley Rivera-Pabon, Emma Scavo, Jennifer Serpliss, Noreen Simmons, Taylor Teasley, Ninti Wheat
Town – Philip Buchanan, Jeton Musliu, Brittany Tyler

2. Withdrawals and Terminations
BOE – Christina Sobon
Town – Astrid Calderon Padilla, Michael Hammond (refund of contributions at maximum allowance)

3. Applications for approval
a. Normal Retirements
BOE – Kathleen Palma, Carol Precourt, Mary O'Connor (50% Contingent Annuitant of David O'Connor)
Town – William Beebe, Fred Falcone, Kathleen Fitzpatrick, Manuel Fraga II, Edward Jacovino, Ann Marie Salerno, Raymond Still

C. Invoices for consideration

1. Milliman – $1,500 for MARC implementation fee. Dated January 29, 2024.
2. CliftonLarsonAllen – $1,500 for Audit services performed for 6/30/2023. Dated January 24, 2024.

Motion by Chair Guzman to approve invoices under consideration with note that approval for the CliftonLarsonAllen invoice is limited to the portion charged to pension. Motion seconded by Jim Brennan. All in favor. Motion passed.

Follow-up – Finance reported that 15% of the CliftonLarsonAllen invoice is charged to pension ($225).

VII. New Business

No new business raised.

VIII. Adjournment

Motion by Chair Guzman to adjourn the meeting at 9:04 a.m. Motion seconded by Peter Privitera. All in favor. Motion passed.

Minutes submitted by Lori Kearney.
Attest,

Lori Kearney