A regular meeting of the Town of West Hartford Pension Board was held on Monday, January 27, 2025 at 7:45 a.m. in room 407 of Town Hall.
The meeting was called to order at 7:49 a.m.

I. Roll Call/Attendance

Pension Board Members: Chair Lazaro Guzman; Commissioners Al Lebow, Jim Brennan, and Perry Salonia; Lisa Newton, Acting Finance Director.

Participants/Guests: Rick Ledwith, Town Manager; Lori Kearney, Human Resources Specialist; Lexi Davidoff, Personnel Analyst; Chris Kachmar, Fiducient Advisors.

Absent: Mayor Cantor

II. Lazaro Guzman, Chair

A. Opening Comments

III. Chris Kachmar, Fiducient Advisors

A. 4Q Capital Markets Update & Performance Reviews

1. Another good calendar year for equity returns particularly large cap domestic equity.
2. With two good years running, sustainability of returns on a go-forward basis becomes more of a challenge.
3. Returns have been concentrated in the Magnificent Seven AI/Tech stocks.
4. Fed has made headway in fighting inflation with rate cuts, but the rate remains above the 2% target. No further cuts planned in the near term.
5. Anxiety/uncertainty in the market as people try to determine what the new administration will do from a policy standpoint.
6. Sector performance for 4th quarter shows tech/consumer/ commercial services performed well along with the financial sector. Other sectors more challenged.

B. Asset Allocation Analysis

1. Fiducient Advisors has diminished expectations for capital markets in equity and bond markets and some diversified asset classes.
2. Chair Guzman noted that Fiducient Advisors is lowering its allocation recommendations in most of the main components of the Town's portfolio. The Pension Fund has been underweight in real estate,

but Fiducient Advisors' outlook for real estate is not good. Alternatives to real estate such as large cap equity and bonds are also not viewed favorably in Fiducient Advisors' asset allocation analysis. What should the Board consider and what does Fiducient Advisors suggest to get back to the 5% weight?

3. The Pension Fund includes Vanguard Index and Dodge & Cox. The model suggests Tips as a possible investment opportunity and dynamic bonds.

4. Frontier Engineer Analysis model
    a. Current mix - 60% equity, 5% real estate, 35% fixed income.
    b. Mix A – model reallocates a little away from fixed income.
    c. Mix B – model adds dynamic bonds to the mix.

The changes are not substantive. The Town's current mix is such that there may be no allocation action needed. Fiducient Advisors does not advise a change in allocation. The Town's program is well diversified, cost effective, and is generating returns that meet the needs of the plan.

5. Target weight allocation for real estate is 5%. We are at 2.9%. An additional 1% is in process with TA Realty. How and when to get to the 5% warrants further discussion at the next meeting. The documentation to process the 1% investment allocation to TA Realty is due at the end of March.

6. Portfolio Dashboard – correction to slides. Fiscal YTD should be a 4.7% return (not 4.5%) and the 1-year return should be 11.9% return (not 11.7%). Returns are slightly above benchmark. $61 million of investment gain at the 1-year point.

7. Harbor elevated to terminate this quarter. The rest of the management roster is in good working order.

C. International Equity Discussion

1. Acadian is a hedged mandate that strips out the currency effect.

2. The US dollar is very strong at present. It is difficult to pinpoint when it will weaken. If the dollar reverts, the Acadian hedge is probably not needed anymore. The Acadian hedge fund can be converted to a non-hedged version.

3. If Harbor is terminated, the Board may wish to consider allocating 2.5% each to Causeway International and Vanguard International, and leave Acadian at the 5% target weight while seeing what happens with the strength of the dollar.

Motion by Chair Guzman to terminate Harbor and split those assets between Causeway and Vanguard. Second by Perry Salonia. All in favor. Motion passed.

D. Pension Reserve Fund slide deck presented for informational purposes only. This fund is under the purview of Town Council.

E. OPEB Trust slide deck presented for informational purposes only. The trust is under the purview of Town Council.

IV. Lori Kearney, Human Resources Specialist

A. Meeting calendar for 2025

1. Next regular meeting scheduled for March 10, 2025.

2. A special meeting for the presentation of Milliman's valuation results will be scheduled for February.

3. Due to a scheduling conflict, a request was made to coordinate an alternate meeting date for October.

B. Silvercrest – Resideo Technologies Class Action Distribution

1. A payment of $437.25 was received as part of a settlement and deposited to the Pension Fund.

C. Disability retirement application – Kujtim Daja, BOE custodian

1. Mr. Daja sustained a work injury in 2021. He received medical care and treatment including surgery. Three doctors have evaluated him and confirm that he has reached maximum medical improvement and can no longer perform his custodial responsibilities. He has been given a permanent impairment rating. No alternative work has been offered. The Town's Risk Manager and its workers' compensation attorney support Mr. Daja's disability retirement application.

Motion by Chair Guzman to approve the disability retirement application for Kujtim Daja. Second by Perry Salonia. All in favor. Motion passed.

D. Summary of Formal Actions

V. Formal Actions

A. Minutes

1. Approval of the minutes for the regular meeting held on Monday, November 18, 2024.

<u>**Motion by Chair Guzman to approve the minutes for the regular meeting held on Monday, November 18, 2024. Second by Jim Brennan. All in favor. Motion passed.**</u>

B. Pension Administration

Motion by Chair Guzman to approve all items under Pension Administration. Second by Jim Brennan. All in favor. Motion passed.

1. Memberships

   BOE – Matthew Aboumrad, Ryan Ahlman, Tyler Andrews, Sindy Cartagena, Edward Davis, Princess Davis, Brian Desjardins, Luke Flege, Daniel Freney, Taylor Grossman, Karamae Hayman-Jones, Walaa Ismail, Sarah Miller, Sukhpreet Oberoi, Jonathan Payne, Olivia Roy, Joann Talbot.

   Town – Jerry Cao, Christopher Chin, Whitton DeVaux, Adam Pillsbury, Andrew St. Jean

2. Withdrawals and Terminations

   BOE – Haya Abudabat, Katherine Edlund, Marcus Ubarry, Emanuel Pantano, Brent Dalton.

   Town – Meaghan Conforto, Danny Sousa, Brenda Masterson, John Selmer, Kevin Procaccini, Nathaniel Van Stone.

3. Applications for approval

   a. Vested Interest

      BOE – Rachel Burnett, Joanne Callahan, Andrea Marseglia, Amelia Olinda, Laura Orentas, Sharla Roy, Amy Shaffer, Daniel Silberman, Jason Therion.

   b. Normal Retirements

      BOE – Mark Hobson (Contingent Annuitant of Theresa), Harold Kevorkian, Carmela Mancini

      Town – Keith Albert, Joseph Creaco, Kevin Foster, Eric R. Munsell.

   c. Survivorship

      Town – Eileen Nardi (Survivor of Robert Nardi, Part D Police)

C. Invoices for consideration

1. Milliman

   Invoice for MARC implementation fee in the amount of $1,500 for November 2024. Invoice date 11/12/2024.

2. Milliman

   Invoice for MARC implementation fee in the amount of $1,500 for December 2024. Invoice date 12/11/2024.

3. Pier Capital LLC

   Invoice for 4QU 2024 management fees in the amount of $22,768.82. Invoice date 1/8/2025.

4. Principal Custody Solutions

Invoice for 4QU 2024 asset administration fees in the amount of $8,917.42. Invoice date 1/7/2025.

5. Fiducient Advisors
   Invoice for 4QU 2024 consulting fees in the amount of $18,025. Invoice date 12/6/2024.

<u>Motion by Chair Guzman to approve invoices under consideration. Second by Jim Brennan. All in favor. Motion passed.</u>

VI. New Business

A. Lori to schedule a special meeting for February for Milliman's valuation presentation.

B. Lori to coordinate a new date for the October meeting.

C. Perry Salonia requested an update on the Barings redemption. Chris indicated that $380,000 was received in early January, and $3.2 million has been received collectively to date. The Town has a redemption request in for $12.5 million.

VII. Adjournment

<u>Motion by Chair Guzman to adjourn the meeting at 9:05 a.m. Seconded by Jim Brennan. All in favor. Motion passed</u>.

Minutes submitted by Lori Kearney.
Attest,

Lori Kearney