



**Cheshire Retirement Board
Meeting Minutes
August 29, 2018
Cheshire Town Hall
84 South Main Street
Cheshire, Connecticut 06410
Room 210; 6:00 p.m.**

In attendance were Chairman Michael Evans, and members Paul Shay, Dennis Flagg, and Jeremy Beitel. Police Department representative Kevin Costa, Fire Department representative Bob Shaligan, Finance Director James Jaskot; Deputy Finance Director Gina DeFilio; Ross Charkatz of Graystone Consulting (by phone).

1. Call to Order

Chairman Michael Evans called the meeting to order at 6:00 p.m.

2. Roll Call and Determination of a Quorum.

Chairman Michael Evans called the roll and a quorum was determined.

3. Pledge of Allegiance.

All present recited the Pledge of Allegiance.

4. Approval of Minutes for May 16, 2018 meeting.

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MOTION: Mr. Beitel made a motion to approve the minutes from the meeting on May 16, 2018 as presented.

Motion was seconded by Mr. Evans and unanimously accepted by members present.

5. Old Business

a. May 16, 2018 Disability Request Update

Mr. Jaskot gave an update on the disability pension request for Dennis Dievert approved at the May 16, 2018 Retirement Board meeting. In hindsight, it was discovered that the Town pension plan does not allow for any joint survivor options; therefore, Mr. Dievert chose to elect an early retirement option instead of a disability pension benefit. In doing so he will incur a .25% reduction in his benefit, but will have joint survivor options available to him. Mr. Jaskot consulted with the Town pension attorney to check that Mr. Dievert could still elect an early retirement and since he had not signed off on and started to collect on the disability benefit, he could still opt for the early retirement option.

Mr. Jaskot mentioned that the Police plan only provides for a single annuity option, but that option does have a 50% survivor benefit for a spouse - even for a Police disability pension benefit. A few of the benefit statements for recent police disability retirees will need to be updated by the actuary to make it clear that the spouse does get a 50% survivor benefit. Mr. Jaskot said that the language in the police portion of the plan document should be updated at some point to make this point more clear. As for the Town pension, he was not sure why joint survivor options were not allowed under the plan. It would take some formal action by the unions and/or the Town to affect any changes.

(Mr. Jaskot left the Retirement Board meeting at 6:15 p.m. to attend another meeting)

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6. New Business:

a. Investment Update and Market Comments

Mr. Charkatz provided a market overview as of June 30, 2018. He commented again on the market theme of "normalization" which refers to the attempt by central bankers to step away from extraordinary efforts to keep interest rates low, but also implies the return of volatility in markets which had been historically low. Federal Reserve leadership maintained a pace of rate increases that have risen steadily higher over the past year to 2.5%. Developed markets equities on average have risen slightly higher in the US (S&P 500 +2.6%) and flat in Europe (MSCI Europe +0.1%). Government bonds have not provided amid volatility and Emerging market equities have suffered in close connection to the US Dollar strength. Local currency markets are slightly negative (MSCI EM Local Ccy, -2.7%) while down more to US-based investors (MSCI EM in USD - 6.5%).

The US Treasury yield curve has become progressively flatter, illustrated by a fractional difference between the 2-Year Yield (2.53%), 10-Year Yield (2.86%) and the 30-Year Yield (2.99%).

Mr. Charkatz referred to a chart entitled 2018 Outlook Checklist which lists a variety of possible indications that markets are behaving as if they are in the late stages of a Bull Market. Indications of late cycle market stage are contracting P/E multiples, higher rate/FX volatility; higher equity volatility, narrowing breadth, widening of credit spreads, peak earnings revisions and y/y growth; financial conditions tightening, and peaking/falling economic LEIs and surprises.

Mr. Charkatz made no investment recommendations. He said that the portfolio is well positioned, citing Pointer and the Macro funds as "bright spots" in a market that is increasingly uncertain.

Mr. Evans asked if any potential trade deals with Canada or Mexico have created volatility? Mr. Charkatz said that the general economy is getting better at a faster pace in the US. It is anyone's guess how trade deals play out, but would be bad for everyone if the result is less trade.

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Mr. Evans asked if any forecast can be made based on the upcoming November election? Mr. Charkatz said that he does not feel as if there is a way to assess an impact on markets even if one could forecast the result.

Mr. Charkatz said that some GDP numbers are trade related but seeing a stronger economy. He then commented that a strong economy does not always translate into a good market. The market has performed well over the past decade in a generally mediocre economy. Valuations and interest rates, which are related, will be key issues to monitor, perhaps more so than the general economy. Investors have done well, while the economy has lagged. We may see a period that improves the general economy, but is not as hospitable to investor return.

b. Pension Disbursements - For Information Only

c. Summary of Bills - For Information Only

7. Public Comment

There was no public comment.

8. Adjournment

Mr. Evans made a motion to adjourn the meeting at 7:00 p.m. Motion was seconded by Mr. Beitel. All members present were in favor of the motion.

Respectfully submitted,



Dawn Guite, Recording Secretary