



**Cheshire Retirement Board
Meeting Minutes
August 13, 2020
Cheshire Town Hall
84 South Main Street
Cheshire, Connecticut 06410
Council Chambers; 6:00 p.m.**

In attendance were Chairman Michael Evans, members Paul Shay, Dennis Flagg, and Mark Izzo (arrived at 6:15 p.m.), Police Department representative Kevin Costa, Finance Director James Jaskot, Deputy Finance Director Gina DeFilio, David Borowy, Town Council Liaison, Ross Charkatz (by phone) of Graystone Consulting.

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 6, 2020 meeting.

MOTION: Mr. Flagg made a motion to approve the minutes from the meeting

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on May 6, 2020. Mr. Shay seconded the motion which was approved unanimously.

5. Old Business

There was no old business to report.

6. New Business:

a. Investment Update and Market Comments

Mr. Charkatz made no recommendations at this time. Thus far in 2020, we have seen the sharpest market decline since 2008, the largest subsequent market rally since the Great Depression, and more days with large price swings than what occurred in 2008. U.S. Treasury Bonds are the best performing asset class and Chinese equities are the only 'risk-asset' class that is positive year-to-date on a real and nominal basis. The worst performers in the first six months of 2020 are Brent, energy stocks, and value versus growth stocks. The U.S. Dollar appreciated against most Developed Market and Emerging Market currencies in the first six months of 2020. Gold was the best-performing commodity, rallying by 16.7% year-to-date.

Signs of coming out of a recession are under appreciated cyclical areas of the market (small cap funds). Economic data is getting better where there is more sensitivity.

Graham Absolute Return continues to be watched. In March 2020 it was down 11.9%. It has revised its risk allocations in an effort to minimize downfalls. On June 30, 2020, it was -9.46%. IVA Worldwide is being watched closely as two of its portfolio managers have left.

Mr. Evans asked if Morgan Stanley's lead, Mike Wilson, has been more bullish than normal. Mr. Charkatz replied that Mike Wilson is being more cautious concerning U.S. Large Growth funds.

Mr. Shay asked about inflation and what will happen. Mr. Charkatz said that with the continuation of financial repression, more money is being printed and

dollars are worth less. This is happening in all countries. If the economy improves there should be an increase in U.S. supply chains.

Mr. Evans asked about Morgan Stanley's view over the next three months. Mr. Charkatz said that analyses are done periodically reflecting factors such as whether there will be another stimulus package coming and other financial situations.

b. Actuary Valuation Update

Mr. Jaskot discussed interim valuations as of July 1, 2019. During recent budget deliberations the Town Council approved a reduction in the rate-of-return assumption from 7.5% to 7.0%. In addition, a more modern, conservative mortality table was adopted. These changes in actuarial assumptions are reflected in the July 1, 2019 actuarial valuations and were encouraged by both the Town actuary and the Town auditor. They are also more in line with our peer Towns for rating purposes. The increase to the actuarially determined contribution as a result of these more conservative assumptions was mitigated by increasing the plan amortization period for the unfunded accrued liability pertaining to the past service cost from 16 to 25 years and phasing the increase in the actuarially determined contribution in over 2 years.

All plans differ slightly and the Police plan was used as the example. Actuarial determined contribution for fiscal year 2020-2021 is \$2,008,256. The contribution projection for fiscal year 2021-2022 is \$2,150,000. The funded ratio is 53.6%, down from 60.6% in 2018 as a result of the change in assumptions. As of July 1, 2020 there are 35 active members in the plan, 36 retirees, 8 disabled retirees, and 6 beneficiaries.

The funded ratio for the Town plan is 74.1% at July 1, 2019, down from 83.9% the previous year. The Firefighter plan decreased to 47.6% funded from 50.4%. Mr. Jaskot noted that the fiscal year 2020-2021 contributions were made to the plans in July and totaled \$4.293 million.

- c. Pension Disbursements – For Information Only
- d. Summary of Bills – For Information Only

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7. Public Comment

There was no public comment.

8. Adjournment

Mr. Evans made a motion to adjourn the meeting at 7:30 p.m. Motion was seconded by Mr. Flagg. All members present were in favor of the motion.

Respectfully submitted,

A handwritten signature in blue ink that reads "Dawn Guite". The signature is written in a cursive style.

Dawn Guite, Recording Secretary