**TOWN OF ESSEX**

**ESSEX RETIREMENT BOARD**

**Regular Meeting – Via Zoom**

**Tuesday, April 14, 2020 – Meeting Room A – 6:00 p.m.**

**Present - Via Zoom:**

Retirement Board Members: Ellen Whaley-Wexler, Chair, Peter Decker, Ethan Goller, Mary-Louise Polo and Stacia Libby

**Others Present – Via Zoom**

Art Meizner, Hooker & Holcombe

Kelly Sterner, Finance Director

***Ellen Whaley-Wexler called the meeting to order on Tuesday, April 14, 2020 at 6:00 p.m.***

**Approval of Agenda:**

***Peter Decker, made a motion to open the meeting and to approve the agenda, seconded by Ethan Goller, Passed. Motion carried.***

**Approval of Minutes from November 12, 2019:**

***Peter Decker motioned to approve the minutes of November 12, 2019, seconded by Ethan Goller. Passed. Motion carried.***

**New Business:**

1. First Quarter 2020 Portfolio Review – Art Meizner, H&H

Art gave an overview of the first quarter which took an unexpected turn, as the spread of COVID-19 virus gripped markets and brought certain areas of the global economy to a halt. U.S. equities entered bear market territory, government bond yields dropped to their lowest levels ever, and oil prices collapsed. The Federal Reserve responded swiftly by cutting rates to near zero and providing fresh quantitative easing and liquidity injections. The U.S. government provided fiscal stimulus to support workers and businesses. Monetary easing and fiscal measures were implemented globally.

In the second quarter, impacts from COVID-19 will be felt acutely, likely ending the 11-year economic expansion as it has already done to the bull market in stocks. In particular, service industries will face damage from social distancing and unemployment could rise sharply. However, efforts to contain the virus and develop a vaccine, as well as the ability of company and consumers to adapt to the circumstances should result in stabilization and an eventual rebound. For investors, the impact of COVID-19 on our society, our economy and on financial markets poses unique challenges in developing an investment strategy.

Art reviewed his slide presentation starting off with the Weekly Market Review. Under Equity Style Returns from Small Cap Value is currently at 16.1% vs. ytd -29.8%. Fairly traumatic week last week.

He reviewed the S&P 500 and YTD Annual Returns being down -20 then -34. No one anticipated this.

Art covered Holding Stocks and they will come back; the big question is when. To get back the returns it would require a 33% increase in one year. The big impact on the economy will depend on the vaccination.

Services are really getting hit hard and have effected March results. With regards to Global Equity Markets, the dollar weakened in 2019.

In the U.S. and international equities, the U.S went down 24%. Fed rate is currently at or around 0 as well as the treasury and not looking to go up in the near future. Banks earnings will go down. Treasury yields are currently at -1.67%.

Fixed income yields and returns, 30-year treasury did well at 25.80%. Bonds that fall below are called “Fallen Angels”. Asset class returns that were favored were the fixed income. Net of Fees Performance Chart return was off ytd -15.06%. Art continued to discuss the Town of Essex Fund Performance Reports for the 1Q2020 and Daily as of April 10, 2020 Close. Art recommends no changes at this time.

Peter Decker asked if there were going to be any changes in the actuarial assumptions as far as crediting rates (just as a helpful thing) and could the Board of Finance remain informed. Art indicated that every pension committee is thinking the same thing. Our numbers are computed as of 6/30/20 for fiscal year. Actuaries are still working very hard from home and he will reach out at the end of this quarter and get back to us as to the result of their findings.

1. Discuss OPEB Trust Portfolio recommendations – Art asked the Retirement Board if they wanted him to stay on the call and discuss the OPEB Trust item that is on the agenda. It was agreed it wasn’t necessary and we will stay in touch with Art with and get back to him.

Kelly has been working off and on the OPEP Trust for a while and she suggests the need to take the funds of approximately $60K and get this moving. The Ordinance is place as well as the Trust. She would like a motion based on the HHIA Capital Market Assumptions (58/42) Allocation.

***Peter Decker made a motion that Town of Essex follow through on recommendations to establish the account and to appoint an incumbent manager and consultant, seconded by Mary-Louise Polo. Passed. Motion carried.***

1. Application to Initiate Benefits – B. Imbriglio (EES employee) – she qualifies for the normal retirement effective in February and is past the normal retirement age. It is very straight forward and Kelly is requesting this approval.

***Ellen Whaley-Wexler made a motion that the Retirement Board (based on the Town’s finance director review) to approve the request for benefits, seconded by Stacia Libby, Passed. Motion carried.***

1. Discuss H&H Contract Going Forward – We have used H&H for our combined pension services (investment manager, benefits administration and actuarial services) for six years. The Town does not have a re-bidding requirement however, Ellen has tasked Stacia and Kelly to discuss our option to go out to bid or remain with H&H with the Board of Selectmen. Ellen polled the retirement board members to receive their input. Stacia Libby indicated she’s been very satisfied with the reports they’ve presented along with Kelly’s input. Ethan Goller also stated he has been pleased with their work. Ellen would like full transparency and seek their comments and keep the contract in place with H&H. Mary-Louise Polo asked if we were going to get a contract increase this year. Kelly indicated we could ask for a new contract and pricing. Stacia and Kelly will seek BOS comments at tomorrow’s BOS meeting, as well as reach out to Attorney Bruce Barth regarding any risks to the Town continuing the relationship with an expired contract.

**Adjournment:**

***Ellen Whaley-Wexler motioned to adjourned at 7:00 p.m. seconded by Mary-Louise Polo. Passed. Motion carried.***

Respectfully submitted,

Yvonne Roziak

Recording Secretary