

**POST RETIREMENT BENEFITS FUND BOARD OF TRUSTEES MEETING
THURSDAY AFTERNOON – AUGUST 12, 2021**

PRESENT: Julie Goucher, Michael Lenarcic, Tom Pariseault

ALSO PRESENT: John Brosnan, Strategic Retirement Partners (“SRP”)

ABSENT: Anthony Rego, Peter Hewett

A meeting of the Post Retirement Benefit Fund Board of Trustees was held on Thursday afternoon, August 12, 2021 in the Town Hall, Conference Room, beginning 4:40 o’clock PM, Chairman Goucher presiding:

1. Call to order at 4:40pm
2. Approval of Minutes

Lenarcic/Pariseault – Voted unanimously to approve the minutes of May 13, 2021 as prepared and presented.

3. Old Business

- a. Investment of RI Interlocal Risk Management Trust and Life Proceeds Contributions

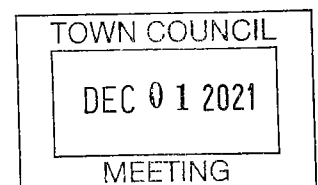
Lenarcic/Pariseault – Voted unanimously to invest \$150,000, primarily consisting of life insurance proceeds contributed into the Vanguard Short-Term Investment Grade Bond Fund.

Prior to the vote taken, Ms. Goucher stated that approximately \$143,000 of life insurance proceeds had been deposited into the OPEB Trust in June. Mr. Brosnan noted that the investment portfolio is currently overweight in equities and underweight in bonds relative to its target allocations. The Board discussed investing the funds in the fixed income portion of the portfolio. Mr. Brosnan recommended investing the funds in the Vanguard Short-Term Investment Grade Bond Fund because SRP is concerned that interest rates are more likely to rise than to fall during the coming months, and short-term bonds generally perform better than longer-term bonds during periods of rising interest rates.

4. New Business

- a. Discussion and Distribution of Actuarial Valuation as of July 1, 2020

It is hereby noted that no action was taken on this agenda item.



Ms. Goucher distributed the Actuarial Valuation as of July 1, 2020 and reported that the funded status of the plan increased from 49% in the July 1, 2018 valuation to 90% in the current valuation. The increase is due in large part to a full analysis of claims cost and experience, and expected future costs. This full review is performed every four years and liabilities decreased by approximately \$3.3 million. Other contributing factors were a reduction in the number of plan members, the repeal of the “Cadillac” tax

POST RETIREMENT BENEFITS FUND BOARD OF TRUSTEES MEETING
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rate was lowered from 6.75% to 6.625% and the actuarially determined contribution decreased from \$912,606 to \$206,219.

Discussion ensued with respect to the current asset allocation and whether, given the much improved funding level of the plan, it would be appropriate to reduce the portfolio's risk level by moving to a less-aggressive allocation. Mr. Brosnan stated that the current allocation of 75% Equities / 25% Fixed Income was aggressive by design while the plan was growing. The Committee discussed whether the 90% funding level warrants lowering the portfolio's risk, which would be accomplished by reducing the equity allocation and increasing the fixed income allocation. Mr. Brosnan noted that from his experience and for comparison purposes, the most common allocation for traditional pension plans is a 60% equity / 40% fixed income allocation. Mr. Pariseault noted that in his opinion it would be prudent to move toward a more conservative allocation. Mr. Lenarcic expressed concern regarding increasing the fixed income investments at a time when market projections are low for bonds. He recommended further diversifying the equity allocation to include REIT's and increasing the exposure to emerging markets. Ms. Goucher agreed that it is time for a full review of the plan's strategy. All agreed that an asset allocation study should be performed to consider these options and the associated capital market assumptions. Mr. Brosnan noted that SRP will determine projected returns and risk levels for two or three less-aggressive asset allocations for the next Board meeting in November.

b. Investment Performance Review-Strategic Retirement Partners

It is hereby noted that no action was taken on this agenda item.

Mr. Brosnan distributed Portfolio Allocation reports for the periods ending June 30, 2021 and July 30, 2021. The portfolio's current market value and recent performance were reviewed. As of June 30, 2021, the assets were valued at \$12.1 million, and as of July 30, 2021, they were valued at \$12.2 million. Mr. Brosnan reviewed the asset allocation and noted that the portfolio is overweight in equities, with a target of 75% and a current weight of 80%, which will be discussed further with the asset allocation study in November. The performance of the portfolio was reviewed, and it was reported that the portfolio's overall return in Q2 2021 was +6.46%. The return for the blended benchmark that SRP uses to gauge the portfolio's performance was +6.19% for the same period. The returns of the portfolio and the blended benchmark for the 12 months ending 6/30/21 were +30.92% and +30.74%, respectively.

SRP's June 30, 2021 Fiduciary Investment Report was reviewed. Mr. Brosnan provided a market overview and a recap of the returns in the US equity, international equity, and the fixed income markets. He also provided an overview of the scores for the funds in the portfolio, most of which have been performing well and scoring well; eight of the nine investments are scoring "10", which is the highest score. Mr. Brosnan pointed out that the Vanguard Short-Term Investment Grade Fund is scoring "7", partly due to a 2018 change in the fund's lead manager which reduced the score by two (2) points. The fund has been performing well relative to the rest of its peer group. The Vanguard fund continues to be on SRP's watch list but SRP has no significant concerns about the fund at this time. SRP recommended no changes to the portfolio.

There being no further business, upon a motion by Mr. Pariseault, (seconded by Mr. Lenarcic and voted unanimously) the Chairman declared this meeting to be adjourned at 6:05 PM.