

**PENSION COMMISSION
City Conference Room
260 Constitution Plaza
Friday, March 22, 2013
9:00 a.m.**

MINUTES

PENSION ADMINISTRATION

MEMBERS PRESENT: Peter Stevens, Chairman; Frank Lord; Gene Goldman; Marc Nelson, Employee Representative; Adam Cloud, Secretary

STAFF PRESENT: Donna Parker, Plan Administrator; Anne Coleman, Assistant Plan Administrator; Lisa Silvestri, Assistant Corporation Counsel; Carmen Sierra, Assistant City Treasurer; Terry Williams, Senior Administrative Assistant

OTHERS PRESENT: Richard Pokorski, Employee Benefits; Liz Churney, Ellen Kucenski and Tim Ryor, Hooker & Holcombe; Attorney William Beccaro

Chairman Peter Stevens called the meeting to order at 9:02 a.m.

I. Minutes of the Meeting of February 22, 2013

There were no changes or corrections to the minutes as presented.

A motion was made, seconded and unanimously adopted to accept the minutes of the February 22, 2013 meeting.

II. Survivor Benefits

A motion was made, seconded and unanimously adopted to approve the following survivor benefits:

Terry, Joann, survivor of the late Frank Terry, member of the Municipal Employees' Retirement Fund (MERF) who died February 2, 2013 (Survivor benefits under the MERF; Emp. #S725560 / 980252)

Effective Date:	March 1, 2013	
Annual Allowance:		\$ 10,880.04
Monthly Allowance:		906.67

III. Regular Retirements

A motion was made, seconded and unanimously adopted to approve the following regular retirement benefits:

		<u>AMOUNT</u>		
<u>Crocker, Steven</u>				
Emp. # 941690 / 990500				
Union: Local 760				
		Years	Months	Days
Term of Service (including Military Service and Sick Exchange):		29	0	0
Military Service:		1	11	4
Sick Exchange:		4	0	0
Grounds:	Service			
Effective Date:	February 3, 2013			
Average Salary:	Final Base Pay			\$ 75,991.45
Pension Allowed:	79.42 %			60,352.44
Monthly Payment:				5,029.37

<u>Farber, Barry</u>				
Emp. # 238554 / 990490				
Union: HMEA				
		Years	Months	Days
Term of Service (including Sick Exchange):		32	0	0
Sick Exchange:		0	0	0
Grounds:	Service			
Effective Date:	February 14, 2013			
Average Salary:	Highest 2 out of last 5 years			\$ 44,448.23
	Final Base Pay			44,174.00
Pension Allowed:	75.00 %			33,336.12
Monthly Payment:				2,778.01

IV. Employee Pension Contribution Adjustments

1. Contributions Owed to the Employee

Chairman Stevens introduced the item. The Plan Administrator, Donna Parker explained that when Ms. Cruz was rehired in 2004 she was set up in the pre-2003 HMEA plan with a 7.8% pension contribution rate, but she should have been set up in the post-2003 HMEA plan with a 5% pension contribution rate. As a result Ms. Cruz was due a refund of the overpayment, Ms. Parker concluded.

A motion was made, seconded and unanimously adopted to approve the following employee contribution adjustment:

Cruz, Felicita
Amount Due: \$ 10,262.51
Interest Due: 944.93

V. Separations from Pension Payroll

The following separations from Pension Payroll were placed on file:

<u>EMPLOYEE NUMBER</u>	<u>NAME</u>	<u>DATE OF DEATH</u>	<u>PENSION AMOUNT</u>	<u>PENSION PLAN</u>
S100936	Cavallo, Carmen	02/07/2013	\$ 914.45	MERF
189766	Desrosiers, Anita	02/21/2013	188.28	MERF
904523	Johnson, Cathalee	02/24/2013	912.43	MERF
385557	Karpiak, Stephen	02/14/2013	1,438.19	MERF
388688	Kearns, William L.	02/03/2013	1,858.31	MERF
442712	Levenson, Mildred	02/14/2013	252.85	MERF
S450952	Lombardi, Elena	01/10/2013	639.71	MERF
S521388	Mobilia, Mildred	02/09/2013	77.19	MERF
S552968	Nettleton, Mae	04/25/2012	206.25	FRF
622621	Repass, Donald	01/13/2013	2,080.13	MERF
680958	Sipala, Paul	12/23/2012	206.13	MERF
725560	Terry, Frank	02/02/2013	1785.72	MERF

VI. Request for Refunds of Pension Contributions

A motion was made, seconded and unanimously adopted to approve the following refunds of pension contributions:

<u>NAME</u>	<u>AMOUNT</u>
Brown Jr., James	\$ 123.04
Carroll, Erica	1,693.35
Crosson-Stewart, Mary Lynn	21,088.87
Freeman, Reginald	14,241.17
Henderson, Calvin	6,111.26
Jeter, Andrea	17,349.16
McKnight, Eben	17,245.66
Monteiro, Barray	9,234.40
Rodriguez, Luz *	73,305.10
Ruede, Mary	9,408.17
Simpson, Stanley	12,316.57
Tedford, Thomas J.	13,583.94

None of the above members is vested, or, if vested, he or she has been informed of, and has waived, his or her rights to a vested benefit in lieu of a contribution refund.
The amounts shown above include interest.

* Beneficiary of deceased active MERF member Richard Rodriguez

VII. Request for Refund of Contributions for Excess Purchased Service

A motion was made, seconded and unanimously adopted to refund the following amounts paid for additional pension service that was not able to be used in the pension calculation:

<u>Name</u>	<u>Amount Due:</u>	<u>Service Type</u>
Crocker, Steven	\$ 1,934.07	Military Service

VIII. Service Purchases

Routine Service Purchases

Chairman Stevens introduced the item. The Plan Administrator stated that the following individuals have requested the purchase of additional pension service under the provisions of the Municipal Code of the City of Hartford, Article I, Division I, Section 2A-8.

The requests were accepted and placed on file.

<u>NAME</u>	<u>TYPE</u>	<u>AMOUNT</u>			<u>PURCHASE PRICE</u>
		<u>Years</u>	<u>Months</u>	<u>Days</u>	
Gauvreau, Richard *	Military	4	0	0	\$ 24,928.30
Serrano, Debora *	Prior City	7	5	19	13,127.59

* These individuals have completed their service purchases.

IX. Qualified Domestic Relations Orders

Chairman Stevens introduced the item. The Plan Administrator reported that the Pension Unit had received two properly executed Qualified Domestic Relations Orders (QDROs) for the MERF. The Plan Administrator recommended that the Commission approve the Orders as presented.

A motion was made, seconded and unanimously adopted to approve the following QDROs, with assignments as indicated, subject to like reductions in the contribution and pension accounts of the plan member and to approve payment to the Alternate Payee in QDRO 13-6 effective March 1, 2013.

IX. Qualified Domestic Relations Orders (continued)

MERF

QDRO: 13-6
Entered into Court Records: January 9, 2013
Benefit Calculation Date: August 16, 2006

		<u>Dollar Amount</u>
Benefit Assigned to Alternate Payee:	Monthly:	\$ 1,228.00
Pension Contributions Assigned:	Pre-Tax:	0.00
	Post-Tax:	0.00
	Interest:	0.00

Alternate Payee Retirement Date: March 1, 2013

QDRO: 13-7
Entered into Court Records: February 22, 2013
Benefit Calculation Date: April 12, 2012

		<u>Dollar Amount</u>
Benefit Assigned to Alternate Payee:	Monthly:	\$ 1,439.66
Pension Contributions Assigned:	Pre-Tax:	27,870.75
	Post-Tax:	6,140.21
	Interest:	0.00

Alternate Payee Retirement Date: November 15, 2014

X. Consideration of July 1, 2012 Actuarial Valuation Report

Chairman Stevens introduced the item. Liz Churney, the MERF's actuary from Hooker & Holcombe, announced that she would be leaving Hooker & Holcombe after 15 years as the actuary on the City of Hartford's plan. She introduced the new team, Tim Ryor and Ellen Kucenski, to the Commission. Ms. Churney explained that Mr. Ryor had been in the business for 23 years, was a partner at Hooker & Holcombe and focused mostly on municipal plans and retiree healthcare, and Ms. Kucenski had been in the business for 10 years and on the City of Hartford plan for two years. The Secretary, Adam Cloud, and the Commission thanked Ms. Churney for all of her years of work on the MERF's plan and expressed how much they enjoyed working with her.

Next, Ms. Churney reviewed the draft valuation results summary. She explained that the

City's contribution was an estimate because the actual contribution would be based on the actual payroll from July 1, 2013 through June 30, 2014. During the fiscal year, she continued, the City's contribution could be recalculated by developing an updated divisional pay and applying the divisional percentages. Ms. Churney explained that the City's contribution for the 2013-2014 fiscal year had dropped from the initial estimate of \$44.5 million to \$43.2 million.

Ms. Kucenski explained the reasons why the City's contribution increased from \$36.1 million last year to \$43.2 million this year.

- The smoothed assets earned 1.6% during the past fiscal year but the assumed investment rate of return was 8%, which increased the contribution by \$7.2 million,
- Salary increases which were lower than expected and changes in the population reduced the contribution by \$1.3 million, and
- The wage increases and plan changes that were negotiated in the new police contract increased the contribution by \$1.2 million and about 88% of the post-1999 police elected to switch to the new post-2012 police plan.

Ms. Churney reviewed the 2013-2014 contribution sensitivity by explaining that a 5% increase in the payroll would increase the contribution by about \$2.2 million and conversely a 5% decrease in the payroll would decrease the contribution by about \$2.2 million.

Mr. Ryor continued the discussion by explaining that one more year of the 2008-2009 asset loss (about \$48 million) remained and after this remaining loss was recognized next year, the contribution should level off.

Next, Mr. Ryor reviewed the new accounting rules which resulted from the replacement of Government Accounting Standard Board (GASB) #25/27 by GASB #67/68. In the new standard the Net Pension Obligation (NPO) was replaced by the Net Pension Liability (NPL) and the unfunded liability would now be shown on the balance sheet, instead of in the footnote, he continued. He stated that the market value of the assets must be shown without any smoothing and the Annual Required Contribution (ARC) would be replaced by the Actuarially Determined Contribution (ADC), which is similar to the ARC calculation.

In conclusion, Mr. Ryor stated that the State of Connecticut Office of Policy and Management publishes the average funding of pension plans in the state and the most recent average funding percentage, which was for 2010, was 80%. In 2010 the funding percentage for the MERF was 88%, he said, which was above the average.

There followed a brief discussion about the difference between the Entry Age Normal accrued liability, which includes salary projections, and the Unit Credit liability, which only reflects current benefits. Commissioner Goldman requested that the actuaries review the dates on page 5 of the actuarial valuation report before the report was finalized.

A motion was made, seconded and unanimously adopted to accept the July 1, 2012 Actuarial Valuation Report including the changes discussed with the Commission and staff.

XI. Executive Session - Personnel Matters

A motion was made, seconded and unanimously adopted to enter into executive session to discuss the Personnel Matters before the Commission, after which a motion was made, seconded and unanimously adopted to return to open public session.

XII. Other Business

Chairman Stevens introduced the item. The Secretary, Adam Cloud, requested that a motion be made to amend the agenda to include an Executive Session item and he had one other item of Other Business. Commissioner Lord also had an informational item of Other Business.

A motion was made, seconded and unanimously adopted to enter into executive session to discuss litigation, after which a motion was made, seconded and unanimously adopted to return to open public session.

A. Executive Session – Litigation

A motion was made, seconded and unanimously adopted to accept the settlement of the Rabinowitz vs. City of Hartford lawsuit subject to the receipt of documentation as requested by counsel, and contingent on no changes in the recommendation by the judge.

B. Meeting with Payroll Department

The Secretary, Adam Cloud, informed the Commission that he, the Plan Administrator, Donna Parker, Assistant Treasurer, Carmen Sierra and Pension Assistant, Kim Vaught met with the Payroll Department, Finance Director, Julio Molleda, and Controller, Leigh Ann Ralls, to discuss issues that had arisen with the retiree payroll since the prior payroll manager and a staff member had left the department. Secretary Cloud explained that he requested better coordination between the Payroll Department and the Pension Unit now that the new Payroll Manager, Patricia Beaudry, was in place. Next, Secretary Cloud requested that the Commission approve an allocation to the Pension Commission's budget of 50% of the salary for a Payroll Department resource, who would be dedicated to the pension payroll.

A motion was made, seconded and unanimously adopted to authorize the Secretary to negotiate with the Finance Department sharing of the salary, exclusive of fringe benefits, of a dedicated resource to work on the pension payroll for a period of not more than one year from the effective date.

C. Charter Reform Commission

Commissioner Lord informed the Commission that during his review of the work of the Charter Revision Commission he noticed that the actuarial descriptions in the pension section needed to be updated. The Secretary and the Commissioners agreed that the language should be updated.

XIII. Disability Retirement

A motion was made, seconded and unanimously adopted to enter into executive session to discuss the disability applications before the Commission, after which a motion was made, seconded and unanimously adopted to return to open public session.

Benefit Approval

A motion was made, seconded and unanimously adopted to approve the following disability retirement benefit:

		<u>AMOUNT</u>		
<u>Bermudez, Andres *</u>				
Emp. # 940784 / 990499				
Union: Local 760				
		Years	Months	Days
Term of Service (including Sick Exchange):		31	0	0
Sick Exchange:		6	0	0
Grounds:	Service Connected Permanent Partial			
Disability Approved:	January 25, 2013			
Effective Date:	January 6, 2013			
Average Salary:	Final Base Pay			\$ 74,875.65
Pension Allowed:	85.00%			63,644.28
Monthly Payment:				5,303.69

* His benefit is being presented for ratification. The first payment was made in February 2013.

There being no further business, Chairman Stevens adjourned the Pension Administration portion of the meeting at 11:00 a.m.

Attest:



Adam M. Cloud, Secretary