

**PENSION COMMISSION
City Conference Room
260 Constitution Plaza
Friday, December 20, 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; Gary Draghi, Director of Investments; P. Wayne Moore, Assistant Director of Investments; Carmen Sierra, Assistant City Treasurer; J. Sean Antoine, Principal Administrative Analyst; Terry Williams, Senior Administrative Assistant

OTHERS PRESENT: Richard Pokorski, Employee Benefits; Nick Carbone, William Cibes, Donald Kirshbaum, and David Pappalardo, Healthcare & Pension Benefits Task Force; Timothy Ryor, Hooker & Holcombe; Alex Kamunya, Kristin Finney-Cooke, and Doug Mosley, NEPC; Elaine Thompson-Madden, Board of Education employee; Cynthia Crockett, Esquire

Chairman Peter Stevens was expected to arrive late. Acting Chairman Frank Lord called the meeting to order at 9:05 a.m., and presided over the meeting until Chairman Stevens arrived.

I. Minutes of the Meeting of November 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 November 22, 2013 meeting.

II. Survivor Benefits

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

Cooley, Barbara, survivor of the late William Cooley, member of the Municipal Employees' Retirement Fund (MERF) who died September 29, 2013 (Survivor benefits under the MERF; Emp. #S136204 / 980276)

Effective Date:	October 1, 2013	
Annual Allowance:		\$ 12,318.84
Monthly Allowance:		1,026.57

III. Regular Retirements

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

		<u>AMOUNT</u>		
<u>Inferrera, Christine</u>				
Emp. # 366013 / 990541				
Union: HMEA				
		Years	Months	Days
Term of Service (including Sick Exchange):		16	0	0
Sick Exchange:		0	0	0
Grounds:	Vested Service			
Termination Date:	February 10, 1997			
Effective Date:	August 1, 2013			
Average Salary:	Highest 2 out of last 5 years			\$ 45,722.29
	Final Base Pay			45,617.00
Pension Allowed:	32.00 %			14,631.12
Monthly Payment:				1,219.26

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III. Regular Retirements (continued)

		<u>AMOUNT</u>		
<u>Molleda, Julio</u>				
Emp. # 946233 / 990542				
Union: Unclassified				
		Years	Months	Days
Term of Service (including Sick Exchange):		12	0	0
Sick Exchange:		2	0	0
Grounds:	Early			
Effective Date:	November 15, 2013			
Termination Date:	October 4, 2013			
Average Salary:	Highest 2 out of last 5 years			\$ 152,895.15
	Final Base Pay			151,918.00
Pension Allowed:				
Unreduced Pension:	30.00 %			45,868.56
Early Reduction Factor:	4.00 % for each year prior to age 60			12.00 %
Reduced Pension:				40,364.28
Monthly Payment:				3,363.69
 <u>Vallera, Dolores</u>				
Emp. # 742198 / 990543				
Union: Local 2221				
		Years	Months	Days
Term of Service (including Sick Exchange):		29	0	0
Sick Exchange:		0	0	0
Grounds:	Service			
Effective Date:	November 2, 2013			
Average Salary:	Highest 3 out of last 5 years			\$ 35,933.73
	Final Base Pay			34,405.00
Pension Allowed:	68.00 %			24,434.88
Monthly Payment:				2,036.24

IV. 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>
980203	Boskoski, Claire	10/23/2013	\$ 874.94	MERF
S073408	Buckland, Elizabeth	11/16/2013	386.37	MERF
340456	Herlihy, James	11/01/2013	1,839.59	MERF
990372	Lawrence, Brenda	11/08/2013	801.24	MERF
485608	Masini, Hugo	11/09/2013	371.59	MERF
490326	McBride, Lester	11/08/2013	3,709.60	MERF
732222	Torelli, Lucille	11/24/2013	1,282.12	MERF
S780103	Wirzbicki, Josephine	11/09/2013	471.42	MERF

V. 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>
Avallone, Julianne	\$ 14,433.32
Bui, Jonathan	1,188.68
Burgess, Sareth	1,297.15
Hollister, Scott	4,431.76
Martinez, Veronica *	15,395.25
Nazario, Inocencio	6,145.85
Segetti, Andrew	6,300.27
Steele-Hancock, Valerie	899.93
White, Alphonzo *	15,395.25
White, Robert *	15,395.25

None of the above members was vested, or, if vested, he or she was informed of, and waived, his or her rights to a vested benefit in lieu of a contribution refund.

The amounts shown above include interest.

* Beneficiary of deceased MERF retiree, Carmen Rivas

VI. Hardship Withdrawal Ratifications

Chairman Stevens introduced the item. The Plan Administrator, Donna Parker stated that the Pension Unit received one request for a hardship withdrawal from the Section 457 deferred compensation plan.

Application 13-10: Ms. Parker summarized the request by stating that the applicant had received an eviction notice due to late payment of rent. Ms. Parker went on to explain that eviction met the IRS guidelines for a Hardship Withdrawal and recommended that the Commission ratify the approval given by Mass Mutual's Hardship Review Committee and the Pension Commission's Review Committee.

A motion was made, seconded and adopted to ratify the approval for hardship withdrawal request 13-10 as presented.

VII. Consideration of Schedule of Regular Pension Commission Meetings for Calendar Year 2014

Acting Chairman Lord introduced the item. After discussion, the item was tabled until Chairman Stevens arrived.

A motion was made, seconded and unanimously adopted to table Item VIII, Disability Appeal, and Item IX until Chairman Stevens arrived.

VIII. Disability Retirements

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.

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

VIII. Disability Retirements (continued)

Benefit Approval

		<u>AMOUNT</u>		
<u>Cenoria, Jones</u>				
Emp. 918568 / 990544				
Union: Local 2221				
		Years	Months	Days
Term of Service (including Sick Exchange):		8	0	0
Sick Exchange:		0	0	0
Grounds:	Service Connected Partial			
Disability Approved:	November 22, 2013			
Effective Date:	November 9, 2013			
Average Salary:	Final 10 years			\$ 17,176.74
	Final Base Pay			25,057.00
Pension Allowed:	66.67%			11,451.73
Monthly Payment:				954.31

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

Reclassification to Disability Retirement

		<u>AMOUNT</u>		
<u>Crocker, Steven</u>				
Emp. 990500				
Union: Local 760				
		Years	Months	Days
Term of Service (including Sick Exchange):		29	0	0
Sick Exchange:		4	0	0
Grounds:	Service Connected Partial			
Retirement Approved:	March 22, 2013			
Effective Date:	February 3, 2013			
Average Salary:	Final Rate of Pay			\$ 75,991.45
Pension Allowed:	79.42%			60,352.44
Monthly Payment:				5,029.37

VIII. Disability Retirements (continued)

After Chairman Stevens arrived, a motion was made, seconded and unanimously adopted to enter into executive session to discuss the disability appeal before the Commission, after which a motion was made, seconded and unanimously adopted to return to open public session.

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

Appeal

<u>NAME</u>	<u>UNION</u>	<u>QUALIFICATION</u>	<u>YEARS</u>	<u>AGE</u>
Thompson-Madden, Elaine	BOE Non- Union	Service Connected Partial	5	62

IX. Discussion of Investment Return Assumption for MERF Actuarial Valuation Report

Chairman Stevens introduced the item. Timothy Ryor, the MERF's actuary from Hooker & Holcombe, reviewed the "City of Hartford Investment Return Analysis" report dated December 20, 2013. Mr. Ryor explained that both the historical returns (shown on page two) and the gains and losses (shown on page three of the exhibit) were important in reviewing the investment performance of the MERF. Mr. Ryor further explained that the gains and losses represented the returns relative to the assumed 8% actuarial investment return assumption, so that, for example, the negative 13.9% return in 2009 would result in a loss of the negative 13.9% return plus the loss of the assumed 8.0% return.

Mr. Ryor explained that the \$241 million loss experienced in the 2008/2009 fiscal year was being smoothed, and that the City was in the final year of amortization to recognize this loss. He further noted that between 2007 and 2013, the MERF had experienced \$300 million of investment losses, and that the Actuarial Recommended Contribution (ARC) increased from \$12 million to \$48 million. He continued to explain that \$32 million of this increase was attributed to market losses.

Mr. Ryor reviewed the Capital Market Assumptions being used by NEPC and by Hooker & Holcombe. Using NEPC's assumptions, he continued, the MERF assets were projected to earn 6.8% over the next five to seven years, and 7.5% over the next thirty years, based on the current target investment allocation. Using Hooker & Holcombe's assumptions, he explained, the MERF assets were projected to earn 7.18% over the next twenty years. He added that Hooker & Holcombe's assumptions did not reflect any increase for active management.

IX. Discussion of Investment Return Assumption for MERF Actuarial Valuation Report (continued)

Based on these assumptions, Mr. Ryor continued, his comfort level for an investment return assumption would be in the 7.25 to 7.75% range, rather than the current 8.0%. Mr. Ryor further explained that decreases in the investment assumption could be phased in over several years, or made in conjunction with other funding changes, in order to mitigate the impact.

Mr. Ryor provided exhibits on pages eight and nine of the report showing the impact of decreasing the actuarial investment return on Net Pension Liability and Normal Cost, using July 1, 2012 data projected to July 1, 2013. Page nine of the report showed an estimated \$48.7 million net city contribution for the 2014/2015 fiscal year with an 8% investment return assumption. Lowering the investment return assumption to 7.75% would increase the net city contribution for the 2014/2015 fiscal year to \$52.9 million, and lowering the investment return assumption to 7.5% would increase the net city contribution for the 2014/2015 fiscal year to \$57.1 million. Commissioner Goldman noted that about 70% of the MERF's liability was for inactives and retirees and would not be affected by any plan changes.

Chairman Stevens invited participation from the Healthcare & Pension Benefits Task Force, and there followed a discussion among the group about the appropriate investment return assumption.

In conclusion, the Commission agreed to add this item to the agenda again for January, and the actuarial report would be on the agenda for February. The Commissioners requested that Mr. Ryor provide liability and cost information at both current and potential investment return assumptions.

The Commission received the report for advice and placed it on file.

VII. Consideration of Schedule of Regular Pension Commission Meetings for Calendar Year 2014

Commissioner Stevens reopened the item. The January meeting was moved from January 24 to January 31, when all Commissioners would be available.

A motion was made, seconded and unanimously adopted to approve the Pension Commission Meeting Calendar for 2014, with the January date change.

X. Other Business

Chairman Stevens introduced the item. There was no Other Business to come before the Commission at this meeting.

There being no further business, Chairman Stevens adjourned the Pension Administration portion of the meeting at 12:05 p.m.

Attest:



Adam M. Cloud, Secretary