

**PENSION COMMISSION
City Conference Room
260 Constitution Plaza
Friday, July 25, 2014
9:00 a.m.**

MINUTES

PENSION ADMINISTRATION

MEMBERS PRESENT: Peter Stevens, Chairman; Frank Lord; Gene Goldman; Adam Cloud, Secretary

MEMBERS EXCUSED: Marc Nelson, Employee Representative

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; Terry Williams, Senior Administrative Assistant

OTHERS PRESENT: Richard Pokorski, Employee Benefits; George Zoltowski, Management & Budget; Michael Gompper, Development Services; Zach Karas, Retirement Plan Advisors; Attorney William Beccaro

Chairman Peter Stevens was expected to arrive late. Acting Chairman Frank Lord called the meeting to order at 9:10 a.m.

I. Minutes of the Meeting of June 27, 2014

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 June 27, 2014 meeting.

II. Survivor Benefits

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

Rucci, Jane, survivor of the late John Rucci, member of the Municipal Employees' Retirement Fund (MERF) who died May 30, 2014 (Survivor benefits under the MERF; Emp. #S643785 / 980287)

Effective Date:	June 1, 2014	
Annual Allowance:		\$ 16,241.04
Monthly Allowance:		1,353.42

III. Regular Retirements

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

		<u>AMOUNT</u>		
<u>Campbell, Carolyn</u>				
Emp. # 900419 / 990589				
Union: Local 1018C				
		Years	Months	Days
Term of Service (including Sick Exchange):		29	0	0
Sick Exchange:		0	0	0
Grounds:	Service			
Effective Date:	June 14, 2014			
Average Salary:	Highest 5 out of last 10 years			\$ 47,395.25
	Final Base Pay			47,307.00
Pension Allowed:	58.00 %			27,489.24
Monthly Payment:				2,290.77

<u>Chevrier, Edmund</u>				
Emp. # 941411 / 990585				
Union: HPU				
		Years	Months	Days
Term of Service (including Sick Exchange):		28	0	0
Sick Exchange:		3	0	0
Grounds:	Service			
Effective Date:	June 21, 2014			
Average Salary:	Highest 3 out of last 5 years			\$ 91,227.87
	Final Base Pay			67,051.00
Pension Allowed:	71.50 %			65,227.92
Monthly Payment:				5,435.66

III. Regular Retirements (continued)

AMOUNT

Crespo, Maria

Emp. # 915848 / 990591

Union: Local 1018C

	Years	Months	Days
Term of Service (including Sick Exchange):	12	0	0
Sick Exchange:	0	0	0
Grounds:	Service		
Effective Date:	June 14, 2014		
Average Salary:	Highest 5 out of last 10 years		\$ 41,145.08
	Final Base Pay		42,832.00
Pension Allowed:	24.00 %		9,874.80
Monthly Payment:	822.90		

O'Connor, Dennis

Emp. # 942432 / 990561

Union: HPU

	Years	Months	Days
Term of Service (including Sick Exchange):	24	0	0
Sick Exchange:	4	0	0
Grounds:	Service		
Effective Date:	April 4, 2014		
Average Salary:	Highest 3 out of last 5 years		\$ 124,689.70
	Final Base Pay		81,728.00
Pension Allowed:	63.00 %		78,554.52
Monthly Payment:	6,546.21		

Perdikis, Mary

Emp. # 915875 / 990586

Union: Local 1018F

	Years	Months	Days
Term of Service (including Sick Exchange):	7	0	0
Sick Exchange:	0	0	0
Grounds:	Vested Service		
Termination Date:	August 31, 2010		
Effective Date:	September 1, 2010		
Average Salary:	Highest 5 out of last 10 years		\$ 19,017.83
	Final Base Pay		19,490.00
Pension Allowed:	14.00 %		2,662.44
Monthly Payment:	221.87		

III. Regular Retirements (continued)

AMOUNT

Sidewater, Jeffrey

Emp. # 902129 / 990582

Union: Local 78

	Years	Months	Days
Term of Service (including Sick Exchange):	21	0	0
Sick Exchange:	0	0	0
Grounds:	Vested Early		
Termination Date:	August 13, 2008		
Effective Date:	July 7, 2014		
Average Salary:	Highest 3 out of last 5 years		\$ 94,080.29
	Final Base Pay		90,859.00
Pension Allowed:			
Unreduced Pension:	52.50%		\$ 49,392.12
Early Reduction Factor:	4.00 % for each year prior to age 60		0.00 %
Reduced Pension:			\$ 49,392.12
Monthly Payment:			4,116.01

Sustache, Josefina

Emp. # 902694 / 990591

Union: Local 2221

	Years	Months	Days
Term of Service (including Sick Exchange):	27	0	0
Sick Exchange:	0	0	0
Grounds:	Service		
Effective Date:	June 14, 2014		
Average Salary:	Highest 3 out of last 5 years		\$ 38,332.97
	Final Base Pay		38,595.00
Pension Allowed:	64.00 %		24,533.16
Monthly Payment:			2,044.43

Yoerkie, Kathleen

Emp. # 903658 / 990590

Union: Local 2221

	Years	Months	Days
Term of Service (including Sick Exchange):	25	0	0
Sick Exchange:	0	0	0
Grounds:	Service		
Effective Date:	June 14, 2014		
Average Salary:	Highest 3 out of last 5 years		\$ 38,251.78
	Final Base Pay		34,405.00
Pension Allowed:	60.00 %		22,951.08
Monthly Payment:			1,912.59

III. Regular Retirements (continued)

Secretary Cloud reported that he attended an Office of Management and Budget meeting on Monday, July 21, 2014 along with Jose Sanchez, Director of Management and Budget, and Fire Chief Carlos Huertas, to discuss the budget transfers to cover police, fire, and public works overtime. Secretary Cloud stated that he learned that the primary drivers for the fire department's overtime expense were military service (\$21k), training (\$180k) and sick leave (over \$200k). He further noted that Chief Huertas usually assumed that 12 firefighters would retire each year, but there would be a larger number of retirements this year. Secretary Cloud planned to work with Chief Huertas on a better way to project retirements.

IV. Terminated Vested – Requests to Vest Benefits

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

		<u>AMOUNT</u>		
<u>Sanchez, Carmen</u>				
Emp. # 941941				
Union: Unclassified				
		Years	Months	Days
Term of Service (including Sick Exchange):		18	0	0
Sick Exchange:		3	0	0
Grounds:	Special 15 year			
Date of Termination:	November 1, 2012			
Normal Retirement Date:	November 5, 2016			
Average Salary:	Highest 2 out of the last 5 years		\$ 44,950.06	
	Final Base Pay		44,070.00	
Pension Allowed:	45.00 %		20,227.56	
Monthly Payment:			1,685.63	

V. Pension Benefit Adjustment

Acting Chairman Lord introduced the item. The Plan Administrator, Donna Parker, explained that Ms. Cummings retired with a disability pension effective October 12, 2006 and she requested to have her pension reclassified to a Service Retirement Benefit effective as of September 1, 2014.

A motion was made, seconded and unanimously adopted to approve the following pension benefit adjustment:

Cummings, Debra
Emp. #153028

From: \$ 1,263.82
To: 1,528.58

VI. 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>
148660	Crevier, Annette	06/10/2014	\$ 202.76	MERF
241245	Fasi, Marietta	06/08/2014	567.58	MERF
281611	Geary, Barbara	06/25/2014	1,752.06	MERF
S281639	Geary, Barbara	06/25/2014	2,879.73	MERF
296104	Goldstein, Alma	06/20/2014	1,229.78	BOE-ANN
420417	Kushman, Mary	06/26/2014	394.64	MERF

VII. 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>
Baker, Joseph *	\$ 160.86
Balfour, Reginald *	155.98
Baylor, Yvonne *	421.74
Bell, Crystal *	406.43
Blake, Patrick *	321.96

VII. Request for Refunds of Pension Contributions (continued)

<u>NAME</u>	<u>AMOUNT</u>
Byrne, Jasmine *	\$ 1,000.10
Cecil, Theresa	4,701.78
Cruz, Doris	600.00
Cruz-Serrano, Sandra *	2,541.79
Duval, Mabel	649.27
Edwards, Lisa	1,731.02
Figueroa, Lillian *	427.93
Gamble, Clarence *	478.53
Gibson-Carter, Lauren	2,648.96
Guevarez, Maria *	791.52
Johnson, Gail *	105.42
Kitada, Jacob *	100.78
LaPlante, Casey *	70.44
Lebron, Luz *	239.90
Lewis, Luther *	1,073.12
Marquis, Bruce *	272.91
Martin, Novelette *	436.18
Moreno, Wanda *	894.70
Pereira, Nelis *	1,845.97
Perez, Blanca *	540.10
Renquifo, Brunilda *	226.46
Rodriguez, Edsel	1,015.49
Rosario, Laura *	661.14
Rosenzweig, Andrew	3,738.55
Ruth, Lakesha *	339.22
Shumate, Carolyn *	1,771.37
Sparks, Jennifer	1,715.25
Stant, Mary Lou *	911.35
Thomas, Glenda *	496.21
Virtue, Debra *	436.04
Williams, Andrea *	662.59
Williams, Donalda *	813.48
Williams, Frankie *	449.66

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.

* Additional contributions or interest due to the member.

VIII. 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>
Bernier, James	\$ 204.56	Military

IX. Service Purchases

Routine Service Purchases

Acting Chairman Lord introduced the item. The Plan Administrator stated that the following individual 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 request was 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>	
Rodriguez, Fernando *	Military	6	1		\$ 3,963.18

* This individual has completed his service purchase.

Secretary Cloud reported that the Pension Unit had received an unusual request from a firefighter who is eligible for retirement. The Plan Administrator, Donna Parker, explained that the individual had purchased four years of military service two years ago, in order to get to an 85% pension. She further explained that the individual did not retire, and no longer needed four years of military service to achieve the 85% pension, since his sick exchange plus two years of military service would be sufficient. Ms. Parker continued to explain that the Pension Unit's administrative practice was to use actual service, then military service, and then sick exchange for pension service credit. She further stated that the firefighter wanted to use sick exchange ahead of the military service in order to receive a larger refund. Secretary Cloud informed the Commission that he expected the issue to be on the September agenda, and that no action was required.

X. Qualified Domestic Relations Orders

Acting Chairman Lord introduced the item. The Plan Administrator reported that the Pension Unit had received one properly executed Qualified Domestic Relations Orders (QDRO) for the MERF. The Plan Administrator recommended that the Commission approve the Order as presented.

A motion was made, seconded and unanimously adopted to approve the following QDRO, with assignments as indicated, subject to like reductions in the contribution and pension accounts of the plan member.

MERF

QDRO: 14-04

Entered into Court Records: June 26, 2014

Benefit Calculation Date: December 31, 2013

		<u>Percentage</u>	<u>Dollar Amount</u>
Benefit Assigned to Alternate Payee:	Monthly:	50.00 %	\$ 876.84
Pension Contributions Assigned:	Pre-Tax:	50.00 %	23,296.38
	Post-Tax:	50.00 %	0.00
	Interest:	50.00 %	1,730.65

Alternate Payee Retirement Date: August 18, 2026

XI. Hardship Withdrawal Requests

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

Application 14-07: Ms. Parker summarized the request by stating that the applicant had received an eviction notice from his primary residence. Ms. Parker went on to explain that eviction from a participant's primary residence 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 14-07 as presented.

XII. Report on Automatic Pension Adjustments for FRF and PBF

Acting Chairman Lord introduced the item. The Plan Administrator summarized her report, stating that the retirees under two old closed plans, the Police Benefit Fund (PBF) and the Firemen’s Relief Fund (FRF), would receive automatic increases by contract, due to wage adjustments for active police and firefighters of equivalent rank, with the July 1, 2014 pension payment.

Police Benefit Fund (PBF)

EE #	Last Name	First Name	January 1, 2014 Monthly Pension	July 1, 2014 Monthly Pension	Monthly Change
32069	Barber	Thomas	\$ 2,911.74	\$ 2,996.54	\$ 84.80
236497	Faenza	John	2,054.98	2,115.60	60.62
267155	Frank	Ralph	2,052.27	2,117.14	64.87
296120	Goldstein	Benjamin	2,439.33	2,500.52	61.19
764604	Welles	Arthur	2,633.98	2,711.29	77.31
Total			\$12,092.30	\$12,441.09	\$348.79

Fireman’s Relief Fund (FRF)

EE #	Last Name	First Name	January 1, 2104 Monthly Pension	July 1, 2104 Monthly Pension	Monthly Change
391107	Keenan	James	\$2,107.33	\$2,130.13	\$22.80
539198	Muller	James	1,717.85	1,740.65	22.80
682853	Skehan	Edward	1,789.79	1,813.53	23.74
735752	Treglia	Vincent	1,988.07	2,014.21	26.14
Total			\$7,603.04	\$7,698.52	\$95.48

A motion was made, seconded and unanimously adopted to approve the automatic pension adjustments for the FRF and PBF retirees effective July 1, 2014.

XIII. Report on Section 457 Deferred Compensation Quarterly Status

Acting Chairman Lord introduced the item. Ms. Parker noted that she was providing the summary pages of the quarterly report provided by Mass Mutual for the Section 457 Deferred Compensation Plan for the quarter ending on June 30, 2014, as requested by the Commissioners.

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

A motion was made, seconded, and unanimously approved to take Item XVII. Disability Retirements, and then Item XVI. Other Business, out of order.

XIV. Recommendation to Extend the Deferred Compensation Plan Administration Contract

Acting Chairman Lord introduced the item. Director of Investments, Gary Draghi, recommended extending the Deferred Compensation (Section 457) contract with Mass Mutual for four years. Mr. Draghi explained that the current contract was scheduled to expire on December 31, 2014, and that over the last six months the Deferred Compensation Committee had completed due diligence and negotiations with Mass Mutual.

Mr. Draghi presented the General Account Interest Crediting Rate Schedule offered by Mass Mutual (attached) and noted that under the four year extension, the minimum rate would be 4.0% in 2015, and then decrease 0.5% per year to 2.50% in 2018. Secretary Cloud added his support for the extension, and noted the Retirement Plan Advisors concurred with the recommendation (attached).

A motion was made, seconded and unanimously adopted to approve the extension of the Deferred Compensation contract with Mass Mutual for four years, subject to successful contract negotiation.

XV. Executive Session- Personnel and Pending Legal Matters

A motion was made, seconded and unanimously adopted to enter into executive session to discuss the personnel and pending legal matters before the Commission, after which a motion was made, seconded and unanimously adopted to return to open public session. The following persons were present during the executive session: Secretary Adam Cloud (Non-voting member), Assistant Corporation Counsel Lisa Silvestri (Non-voting member), Chairman Peter Stevens (Voting member), Commissioner Frank Lord (Voting member) and Commissioner Gene Goldman (Voting member). Members not present: Marc Nelson, Employee Representative (Non-voting member).

A motion was made, seconded and unanimously adopted to execute the contract of the Plan Administrator.

A discussion regarding legal services rendered by William Beccaro took place.

After a discussion of the matter presented by various members and Assistant Corporation Counsel Lisa Silvestri, the Commission expressed its concern that the expenditure was a legitimate expense of the Pension Commission that was previously approved by the Commission and that the Finance Department had withheld the payment of those expenses without the proper authority and in contradiction to the enabling ordinance that exempts the Commission from the procurement policies of the City of Hartford.

A motion was made, seconded and unanimously adopted to approve the expenditure for legal services rendered by William Beccaro in 2013 and 2014.

XVI. Other Business

Acting Chairman Frank Lord introduced the item. Secretary Cloud reported that a part-time library employee wanted to participate in the Deferred Compensation (Section 457) plan. He further explained that the Library 1716 contract allowed part-time employees to participate in the Section 457 plan, while the Section 457 plan disallowed part-time participation. Richard Pokorski, Employee Benefits, supported the inclusion of part-time employees in the Section 457 plan. The Plan Administrator, Donna Parker, noted that the group on several occasions had discussed inclusion of a Roth feature, and that this inclusion would create no additional cost for the City.

Assistant Corporation Counsel Lisa Silvestri stated that the City Council gave the Pension Commission the authority to administer the Deferred Compensation plan, so it could be argued that either the City Council or the Pension Commission could make these changes.

XVI. Other Business (continued)

A motion was made, seconded and unanimously adopted to endorse these changes in concept subject to further review by Counsel and to send a recommendation to City Council if appropriate.

Secretary Cloud reported that the new Treasurer's website would be going "live" the following week. He noted that there were some issues with Metro Hartford Information Services (MHIS).

XVII. Disability Retirements

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

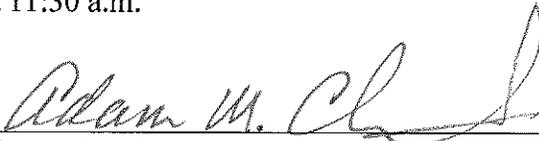
A motion was made, seconded and unanimously adopted to table the following disability retirement application pending further information:

Applications

<u>NAME</u>	<u>UNION</u>	<u>QUALIFICATION</u>	<u>YEARS</u>	<u>AGE</u>
Brigantti, Ruth	HPU	Service Related Partial	16	36

There being no further business, Chairman Stevens adjourned the Pension Administration portion of the meeting at 11:30 a.m.

Attest:



Adam M. Cloud, Secretary



THE FUTURE IS BETTER THAN YOU THINK

July 16, 2014

Adam Cloud
Treasurer and Secretary of the Pension Commission
City of Hartford
550 Main Street
Hartford, CT 06013

Re: MassMutual 457 Deferred Compensation Plan

Dear Treasurer Cloud,

RPA has reviewed the latest extension proposal from MassMutual for the City of Hartford 457 Plan and believe that, based on current market conditions as well as the proposed pricing, service structure, and rate guarantees proposed, the City should extend the current contract with MassMutual for four years. The follow-up discussions with the DCP Committee confirmed RPA's analysis that renewal of the existing contract makes the most sense for the employees of the City.

There are multiple reasons for this renewal including:

- > 4 years of minimum interest rate guarantees above what is being offered in today's low interest rate environment
- > A required revenue for MassMutual of 8 basis points (0.08%), which is in line with today's 457 Plan marketplace
- > Extension/renewal prevents transitioning thousands of employee records to a new vendor
- > Extension/renewal prevents your administrative team from learning a new administration system

Should you need any additional information please feel free to contact me and I will be available to attend the Pension Commission meeting on July 25th should any additional questions regarding the extension arise.

Best Regards,

A handwritten signature in black ink, appearing to read "Zach Karas", written in a cursive style.

Zach Karas
Principal

Best Fit for City of Hartford Employees & Retirees

City of Hartford General Interest Account Crediting Rate Schedule

Option 1: Two Year Extension¹

Minimum crediting rate

2015
2016

General Interest Account

Graded Schedule³:

3.75%
3.25%

Option 2: Four Year Extension²

Minimum crediting rate

2015
2016
2017
2018

General Interest Account

Graded Schedule³:

4.00%
3.50%*
3.00%
2.50%

¹ 2 years through Dec. 31, 2016

² 4 years through Dec. 31, 2018

³ The minimum guaranteed interest rate will be reduced from the current minimum (4.00%) to 1.00%. Actual credited rate may be higher but not lower than stated

* Mass Mutual has increased rate from 3.25% to 3.50% for 2016 calendar year