

**PENSION COMMISSION
City Conference Room
260 Constitution Plaza
Friday, March 27, 2015
9:00 a.m.**

MINUTES

PENSION ADMINISTRATION

MEMBERS PRESENT: Peter Stevens, Chairman; Frank Lord; Gene Goldman; Nicholas Triglia, 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; Carmen Sierra, Assistant City Treasurer; J. Sean Antoine, Principal Administrative Analyst; Terry Williams, Senior Administrative Assistant

OTHERS PRESENT: Greg Forte, Mass Mutual; Chelsea Mott, Accountant; Colin London, Treasury Intern

Commissioner Frank Lord chaired the meeting until Chairman Peter Stevens arrived during Item X. 2014 Annual Report for the Section 457 Deferred Compensation Plan

Acting Chairman Frank Lord called the meeting to order at 9:00 a.m.

I. Minutes of the Meetings of January 30, 2015 and February 27, 2015

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 27, 2015 meeting and a separate motion was made, seconded and unanimously adopted to accept the minutes of the January 30, 2015 meeting after Chairman Peter Stevens arrived.

II. Survivor Benefits

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

Rogers, Gary, survivor of the late Charlotte Rogers, member of the Municipal Employees' Retirement Fund (MERF) who died February 16, 2015 (Survivor benefits under the MERF; Emp. #S941179 / 980304)

Effective Date: March 1, 2015
Annual Allowance: \$ 1,489.20
Monthly Allowance: 124.10

Sullo, Anthony, survivor of the late Barbara Sullo, member of the Municipal Employees' Retirement Fund (MERF) who died January 29, 2015 (Survivor benefits under the MERF; Emp. #S940041 / 980303)

Effective Date: February 1, 2015
Annual Allowance: \$ 13,139.16
Monthly Allowance: 1,094.93

III. Regular Retirements

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

		<u>AMOUNT</u>		
<u>Benjamin, Wayne</u>				
Emp. # 945091 / 990664				
Union: Unclassified				
		Years	Months	Days
Term of Service (including Sick Exchange and HEDC):		17	0	0
Sick Exchange:		4	0	0
HEDC Service		3	5	3
Grounds:	Early			
Effective Date:	February 7, 2015			
Average Salary:	Highest 2 out of last 5 years			\$ 111,354.64
	Final Base Pay			110,917.00
Pension Allowed:				
Unreduced Pension:	42.50 %			\$ 47,325.72
Early Reduction Factor:	4.00 % for each year prior to age 60			16.00 %
Reduced Pension:				\$ 39,753.60
Monthly Payment:				3,312.80

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III. Regular Retirements (continued)

AMOUNT

Brady, William

Emp. # 941684 / 990670

Union: Local 760

	Years	Months	Days
Term of Service (including Sick Exchange):	31	0	0
Sick Exchange:	6	0	0
Grounds:	Service		
Effective Date:	March 1, 2015		
Average Salary:	Final Base Pay		\$ 92,367.30
Pension Allowed:	85.00 %		78,512.16
Monthly Payment:	6,542.68		

Gardner, Robert

Emp. # 904972 / 990666

Union: Local 2221

	Years	Months	Days
Term of Service (including Sick Exchange):	18	0	0
Sick Exchange:	0	0	0
Grounds:	Vested Early		
Effective Date:	March 10, 2015		
Termination Date:	November 4, 2008		
Average Salary:	Highest 3 out of last 5 years		\$ 26,795.63
	Final Base Pay		25,753.00
Pension Allowed:			
Unreduced Pension:	45.00 %		\$ 12,058.08
Early Reduction Factor:	4.00 % for each year prior to age 60	16.00 %	
Reduced Pension:			\$ 10,128.84
Monthly Payment:	844.07		

Murphy, Peter G.

Emp. # 941704 / 990662

Union: Local 760

	Years	Months	Days
Term of Service (including Sick Exchange):	31	0	0
Sick Exchange:	6	0	0
Grounds:	Service		
Effective Date:	February 4, 2015		
Average Salary:	Final Base Pay		\$ 92,367.30
Pension Allowed:	85.00 %		78,512.16
Monthly Payment:	6,542.68		

III. Regular Retirements (continued)

		<u>AMOUNT</u>		
<u>Perri, Garth</u>				
Emp. # 942606 / 990668				
Union: HPU				
		Years	Months	Days
Term of Service (including Sick Exchange):		24	0	0
Sick Exchange:		4	0	0
Grounds:	Service			
Effective Date:	March 8, 2015			
Average Salary:	Highest 3 out of last 5 years			\$ 129,726.06
	Final Base Pay			80,560.00
Pension Allowed:	63.00 %			81,727.44
Monthly Payment:				6,810.62

<u>Shapiro, Scott</u>				
Emp. # 941709 / 990669				
Union: Local 760				
		Years	Months	Days
Term of Service (including Sick Exchange):		31	0	0
Sick Exchange:		6	0	0
Grounds:	Service			
Effective Date:	February 28, 2015			
Average Salary:	Final Base Pay			\$ 94,282.32
Pension Allowed:	85.00 %			80,139.96
Monthly Payment:				6,678.33

IV. QDRO Alternate Payee Retirements

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

		<u>AMOUNT</u>
<u>Lyle, Evan</u>		
Emp. # A942697 / 988028		
Alternate Payee of:	Patrick Campbell	
Union:	Non-Union	
Term of Service:	15 years	
Grounds:	Alternate Payee – Service	
Effective Date:	March 1, 2015	
QDRO Approved:	February 25, 2011	
Annual Alternate Payee Payment:		\$ 21,266.76
Monthly Alternate Payee Payment:		1,772.23

V. Pension Benefit Adjustments

Chairman Stevens introduced the item. The Plan Administrator, Donna Parker, explained that Mr. Zangari retired as a service retirement effective August 19, 2012, which was reclassified to a service connected partial disability retroactively to August 19, 2012, at the February 21, 2014 Pension Commission meeting. She continued to explain that after Mr. Zangari's accountant and tax attorney researched the tax implications of the disability retirement, they requested that Mr. Zangari reclassify his pension back to a service retirement effective January 1, 2015.

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

Zangari, Thomas
Emp. #990468

From: \$ 6,831.23
To: 6,831.23

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>
980263	Arcata, Angelo	02/20/2015	\$ 1,468.88	MERF
980195	Guthrie, Bernice	02/24/2015	985.78	MERF
368601	Jacobsen, Ernest	02/22/2015	3,942.86	MERF
524921	Moore, Pearl	02/22/2015	261.47	MERF
990650	Rogers, Charlotte	02/16/2015	248.20	MERF

The pension for the following individual was reinstated since the Pension Unit received verification of her address.

<u>EMPLOYEE NUMBER</u>	<u>NAME</u>	<u>DATE OF REMOVAL</u>	<u>PENSION AMOUNT</u>	<u>PENSION PLAN</u>
724149	Tchaikow, Anita	01/01/2015	\$ 1,104.60	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>
Camp, Tiffany	\$ 1,841.56
Chung, Jennine	180.91
Chudzik, Janet	2,890.77
Cosway, Megan	760.09
Fabretti, Kevin	1,729.96
Johnson, Lucretia	10,117.79
Jones, Pamela	1,624.75
Morbidelli, Dino	30,641.45
Porras, Melissa	2,824.89
Taylor, Kenneth	82.35

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.

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>
Benjamin, Wayne	\$ 2,658.89	HEDC Service

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), one for the MERF and one for the Deferred Compensation Plan. 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.

MERF

QDRO:	15-4		
Entered into Court Records:	February 18, 2015		
Benefit Calculation Date:	November 21, 2013		
		<u>Percentage</u>	<u>Dollar Amount</u>
Benefit Assigned to Alternate Payee:	Monthly:	50.00 %	\$ 93.10
Pension Contributions Assigned:	Pre-Tax:	50.00 %	0.00
	Post-Tax:	50.00 %	3,299.80
	Interest:	50.00 %	39.62
Alternate Payee Retirement Date:	May 23, 2028, if participant becomes vested		

Section 457 Deferred Compensation Plan

QDRO:	15-3		
Entered into Court Records:	February 19, 2015		
Contribution Assignment Date:	October 27, 2014		
		<u>Percentage</u>	
Contributions Assigned:		100.0 %	

X. 2014 Annual Report for the Section 457 Deferred Compensation Plan

Acting Chairman Lord introduced Greg Forte, the Section 457 Plan Relationship Manager from Mass Mutual. Mr. Forte informed the Commission that the contract for the Section 457 Deferred Compensation Plan had recently been extended for four years and that the Plan was currently transitioning from The Hartford platform to a new Mass

Mutual platform, which would have a much more robust website.

Next Mr. Forte distributed Mass Mutual's data security letter explaining Mass Mutual's enterprise risk program, and he highlighted that there had never been a data breach at Mass Mutual. Commissioner Lord asked if employees at Mass Mutual had laptops and Mr. Forte responded that no data was stored on the laptops and the database only had remote access.

He briefly reviewed the 2014 annual report stating that the plan's assets exceeded \$100 million for the first time during the year and there was positive cash flow into the plan with contributions increasing 15% and \$1 million rolled into the plan. The average number of funds was 3.84 funds per participant and about 40% of the plan's assets were invested in the fixed account, Mr. Forte continued, but these statistics could change because there were diversification and investing campaigns with the new platform. He added that the number of participants increased and withdrawals did spike up, but it was due primarily to two large withdrawals totaling \$800,000.

Mr. Forte concluded the discussion by distributing a chart showing that our Retirement Education Specialist, Ethel Pippin, had met with about 1,000 participants during 2014 and commended Ms. Pippin on the great job she was doing of reaching out to the participants.

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

XI. Proposed Budget for Fiscal Year 2015-2016

Chairman Stevens introduced the item. The Secretary, Adam Cloud, presented the proposed budget for the 2015-2016 fiscal year and Sean Antoine, Principal Administrative Assistant, walked the Commission through the revenue and expense items. Mr. Antoine explained that the pension contributions were being submitted regularly to the Municipal Employees' Retirement Fund (MERF) with each payroll cycle and the contribution projections for the fiscal year ending June 30, 2015 were about \$44 million for employer contributions and \$11 million for employee contributions. As a result of the regular contributions, the liquidity fund was not used as often, he continued. He added that through February 2015, the expense ratio for the MERF was 17 basis points and the administrative expenses for the next fiscal year were projected to be 1% lower than this year.

Secretary Cloud informed the Commission that he was still considering pension obligation bonds but he had not made a decision yet, and he was concerned that pension obligation bonds would only be a short term solution for the City. Commissioner Frank Lord asked if the Secretary had any information about pension obligation bonds that he could forward to the Commission to read and Secretary Cloud said that he would forward some information to them.

The Commission received the report for advice and will vote on the budget at the April meeting.

XII. Request of Firefighter for a Refund of Military Purchase

Chairman Stevens introduced the item. The Plan Administrator, Donna Parker, explained that in 2012 Firefighter James Fonfara was planning to retire and had purchased four years of military service and at that time his pension service plus four years of military service plus sick exchange provided him with the 85% maximum benefit percentage. Subsequently Mr. Fonfara decided to work an additional two years, she continued, and at the September 2014 meeting Mr. Fonfara asked for a refund of two years of his military purchase, so he could use two years of sick exchange instead, and the Commission approved his request.

After the September 2014 meeting, Ms. Parker continued to explain, Mr. Fonfara again changed his retirement date and continued to work past his next anniversary date in January 2015 and no longer needed to use any of his military service to reach the 85% maximum benefit percentage. She concluded by stating that he was now requesting that the Commission refund all four years of his military service purchase, instead of only two years.

The Secretary, Adam Cloud, asked Assistant Corporation Counsel, Lisa Silvestri, if there was any prohibition in the Municipal Code about granting the refund. Attorney Silvestri stated that there was no prohibition in the Code and reiterated that the motion from the September 2014 meeting provided that for new military purchases there would be no refunds except for partial years.

A motion was made, seconded and unanimously adopted to grant the refund of all four years of military service to Mr. Fonfara.

XIII. Consideration of July 1, 2014 Actuarial Valuation Report

Chairman Stevens introduced the item. The Plan Administrator distributed the final July 1, 2014 Actuarial Valuation Report from Hooker & Holcombe, the MERF's actuary. The Commission agreed that the final report was consistent with the draft report that was presented at the February meeting.

A motion was made, seconded and unanimously adopted to accept the July 1, 2014 Actuarial Valuation Report dated March 20, 2015.

XIV. OPEB Trust

Chairman Stevens introduced the item. The Secretary, Adam Cloud, informed the Commission that he had made a presentation on the Other Post-Employment Benefits (OPEB) Trust to the Operations, Management & Budget Committee (OMB). The report was well received, he continued, and the Committee understood the necessity of the Trust and agreed that the Trust should be established and administered by the Pension Commission. There was some discussion at the OMB meeting, Secretary Cloud continued, that the Mayor and Superintendent should have a vote on the OPEB Commission and Adam explained that the Mayor and Superintendent or their proxies could attend the meetings but not vote due to the City Charter provision that a non-investment professional could not decide where to invest the assets. Secretary Cloud stated that the approval of the OPEB Trust was also delayed because the Board of Education did not want their portion of the OPEB assets co-mingled with the City's portion and requested that two separate trusts be established. Secretary Cloud explained that he subsequently had a meeting with the Board of Education and afterward the Board of Education felt more comfortable that creating one trust with sub-accounting would meet their objectives. Secretary Cloud concluded by stating that action on the OPEB Trust would not occur until April.

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

XV. Other Business

Chairman Stevens introduced the item.

Secretary Adam Cloud informed the Commission that the City's Department of Development Services had asked him if the Commission would consider selling the land on Edwards Street to Development Services as part of the Downtown North project and Secretary Cloud responded that it depended on the price.

Secretary Adam Cloud also informed the Commission that the Hartford Parking Authority had asked him if the City would consider issuing bonds on their behalf to purchase the Church Street garage.

The Plan Administrator, Donna Parker, informed the Commission that the Assistant Plan Administrator, Anne Coleman, was leaving and her last day would be April 2nd. The Commission wished her well and thanked her for her service. Ms. Parker added that Ms. Coleman was a member of the Deferred Compensation Hardship Review Committee and suggested that Wayne Moore, Assistant Director of Investments, be appointed as her replacement.

A motion was made, seconded and unanimously adopted to appoint Wayne Moore, Assistant Director of Investments, to the Deferred Compensation

Hardship Review Committee.

XVI. Disability Retirements

Benefit Approvals

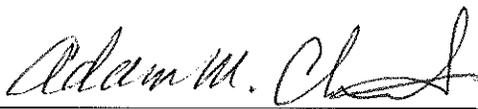
A motion was made, seconded and unanimously adopted to approve the following disability retirement benefits:

		<u>AMOUNT</u>		
<u>Auciello, Daniel</u>				
Emp. # 941148 / 990665				
Union: HPU				
		Years	Months	Days
Term of Service (including Sick Exchange):		31	0	0
Sick Exchange:		4	0	0
Grounds:	Service Connected Partial			
Disability Approved:	January 30, 2015			
Effective Date:	February 15, 2015			
Average Salary:	Highest 3 out of last 5 years			\$ 146,410.78
Final Base Pay				72,585.00
Pension Allowed:	76.00% less QDRO			77,952.48
Monthly Payment:				6,496.04

<u>Diaz, Ivette</u>				
Emp. # 944166 / 990667				
Union: Non-Union				
		Years	Months	Days
Term of Service (including Sick Exchange):		14	0	0
Sick Exchange:		0	0	0
Grounds:	Non-Service Connected Total			
Disability Approved:	January 30, 2015			
Effective Date:	November 12, 2014			
Average Salary:	Last 10 years			\$ 48,464.80
Final Base Pay				59,986.00
Pension Allowed:	35.00%			16,968.72
Monthly Payment:				1,413.56

There being no further business, Chairman Stevens adjourned the Pension Administration portion of the meeting at 10:30 a.m.

Attest:



Adam M. Cloud, Secretary