

**PENSION COMMISSION**  
**City Conference Room**  
**260 Constitution Plaza**  
**Friday, February 26, 2016**  
**9:00 a.m.**

**MINUTES**

**PENSION ADMINISTRATION**

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

**MEMBERS EXCUSED:** Gene Goldman, Nicholas Trigila, Employee Representative

**STAFF PRESENT:** Donna Parker, Plan Administrator; Rebecca Crowley, 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; Chelsea Mott, Accountant

**OTHERS PRESENT:** Luke Bronin, Mayor; Richard Pokorski, Employee Benefits; George Zoltowski, Management & Budget; Leigh Ann Ralls, Finance; Tomek Furtak, Risk Management; Timothy Ryor, Ellen Kucenski and Brianne Fayed, Hooker and Holcombe; Kristin Finney-Cook and Will Forde, NEPC

**Chairman Peter Stevens called the meeting to order at 9:25 a.m.**

**I. Minutes of the Meeting of January 29, 2016**

Approval of the January 29, 2016 minutes was postponed until the March Committee meeting due to the absence of Frank Lord at the January 29, 2016 meeting and the absence of Gene Goldman at the February 26, 2016 meeting.

**Agenda Items II through VIII - Discussion**

Under the new administrative process, the Pension Commission discussed agenda items II through VIII prior to any motions or approvals.

Chairman Peter Stevens asked Plan Administrator Donna Parker if there were any issues that needed further discussion. Ms. Parker indicated that the items were routine and that there was only one Police officer retiring this month. To provide background for Mayor Luke Bronin, Commissioner Frank Lord noted the issue of overtime for Police generating large retirement benefits. Chairman Stevens highlighted the large retirement benefit from last month for a Police officer with base pay of \$78,000 and final pay of \$240,000 as an extreme example. Assistant Plan Administrator Rebecca Crowley reiterated the statistics provided last month and stated that there were 75 Police officers still under the pre-1999 plan, with 37 officers currently eligible to retire and two large classes left (one later in 2016 and another in June of 2018).

Secretary Adam Cloud explained that there was an ongoing conversation at the Commission meetings about the overtime issue for Police and the impact of overtime on the retirement benefits and his staff would like to be in the room at future bargaining discussions to respond and provide actuarial impacts. Secretary Cloud asked Mayor Bronin for his perspective on overtime. Mayor Bronin stated that he was acutely aware of the issue and that the City was trying to drive down weekly overtime as best as possible while being down 120 officers. Mayor Bronin noted that some officers had been reassigned back to patrol but that the City was bound by the current contract. Mayor Bronin further noted that negotiations were scheduled to occur over the next month and the City would work to minimize overtime as best as possible without jeopardizing public safety. Secretary Cloud stated that the Pension Commission would help in whatever way possible.

**At the conclusion of the discussion, a motion was made, seconded and unanimously adopted to approve agenda items II through VIII requiring approval and to accept and place on file any requests in not requiring approval by consent vote.**

**II. Survivor Benefits**

**The following survivor benefits were approved by consent vote:**

Bernier, Roger, survivor of the late Marie Bernier, member of the Municipal Employees' Retirement Fund (MERF) who died January 22, 2015 (Survivor benefits under the MERF; Emp. #S911174 / 980328)

Effective Date: February 1, 2016  
Annual Allowance: \$ 12,258.48  
Monthly Allowance: 1,021.54

Bottomley, Mark, survivor of the late Susan Bottomley, member of the Municipal Employees' Retirement Fund (MERF) who died December 26, 2015 (Survivor benefits under the MERF; Emp. #S148733 / 980325)

Effective Date: January 1, 2016  
Annual Allowance: \$ 11,694.48  
Monthly Allowance: 974.54

Hirnschal, Augusta, survivor of the late Klaus Hirnschal, member of the Municipal Employees' Retirement Fund (MERF) who died November 28, 2015 (Survivor benefits under the MERF; Emp. #S347469 / 980324)

Effective Date: December 1, 2015  
Annual Allowance: \$ 16,094.16  
Monthly Allowance: 1,341.18

King, Agnes, survivor of the late Robert King, member of the Municipal Employees' Retirement Fund (MERF) who died January 25, 2016 (Survivor benefits under the MERF; Emp. #S409626 / 980329)

Effective Date: February 1, 2016  
Annual Allowance: \$ 8,146.92  
Monthly Allowance: 678.91

Messier, Dolores, survivor of the late Robert Messier, member of the Municipal Employees' Retirement Fund (MERF) who died January 7, 2016 (Survivor benefits under the MERF; Emp. #S515051 / 980327)

Effective Date: February 1, 2016  
Annual Allowance: \$ 3,623.16  
Monthly Allowance: 301.93

**II. Survivor Benefits (continued)**

Reniewicz, Suzanne, survivor of the late Richard Reniewicz, member of the Municipal Employees' Retirement Fund (MERF) who died September 14, 2011 (Survivor benefits under the MERF; Emp. #S622729 / 980326)

Effective Date: October 1, 2011  
Annual Allowance: \$ 11,759.40  
Monthly Allowance: 979.95

**III. Regular Retirements**

The following regular retirement benefits were approved by consent vote:

		<u>AMOUNT</u>		
<u>Albert, Levine</u>				
Emp. # 006920 / 990770				
Union: Local 760				
		Years	Months	Days
Term of Service (including Sick Exchange):		37	0	0
Sick Exchange:		2	0	0
Grounds:	Service			
Effective Date:	January 31, 2016			
Average Salary:	Final Base Pay			\$ 81,825.89
Pension Allowed:	85.00 %			69,552.00
Monthly Payment:				5,796.00

<u>Arnold III, Lumis</u>				
Emp. # 941226 / 990764				
Union: Local 760				
		Years	Months	Days
Term of Service (including Sick Exchange):		31	0	0
Sick Exchange:		4	0	0
Grounds:	Service			
Effective Date:	January 17, 2016			
Average Salary:	Final Base Pay			\$ 83,045.99
Pension Allowed:	85.00 %			70,589.04
Monthly Payment:				5,882.42

III. Regular Retirements (continued)

		<u>AMOUNT</u>		
<u>Boseman, Michelle</u>				
Emp. # 916173/ 990771				
Union: Local 1018D				
		Years	Months	Days
Term of Service (including Sick Exchange):		13	0	0
Sick Exchange:		0	0	0
Grounds:	Service			
Effective Date:	February 25, 2016			
Average Salary:	Highest 5 out of last 10 years			\$ 44,529.63
	Final Base Pay			36,803.00
Pension Allowed:	26.00 %			11,577.72
Monthly Payment:				964.81

<u>Farrar, Eileen</u>				
Emp. # 945903 / 990769				
Union: HMEA				
		Years	Months	Days
Term of Service (including Sick Exchange):		6	0	0
Sick Exchange:		0	0	0
Grounds:	Service			
Effective Date:	February 24, 2016			
Average Salary:	Highest 2 out of last 5 years			\$ 83,764.75
	Final Base Pay			86,872.00
Pension Allowed:	12.00 %			10,051.80
Monthly Payment:				837.65

<u>Holloway, Georgiana</u>				
Emp. # 942926 / 990767				
Union: Non-Union				
		Years	Months	Days
Term of Service (including Sick Exchange):		24	0	0
Sick Exchange:		4	0	0
Grounds:	Service			
Effective Date:	January 9, 2016			
Average Salary:	Highest 5 out of last 10 years			\$ 48,487.82
	Final Base Pay			50,157.00
Pension Allowed:	60.00 %			29,092.68
Monthly Payment:				2,424.39

III. Regular Retirements (continued)

		<u>AMOUNT</u>		
<u>Medrano, Magdalena</u>				
Emp. # 904822 / 990760				
Union: Local 1018C				
		Years	Months	Days
Term of Service (including Sick Exchange):		25	0	0
Sick Exchange:		0	0	0
Grounds:	Service			
Effective Date:	February 2, 2016			
Average Salary:	Highest 5 out of last 10 years			\$ 58,110.74
	Final Base Pay			56,057.00
Pension Allowed:	50.00 %			29,055.36
Monthly Payment:				2,421.28
<u>Segarra, Pedro</u>				
Emp. # 942126 / 990766				
Union: Non-Union				
		Years	Months	Days
Term of Service (including Sick Exchange):		17	0	0
Sick Exchange:		3	0	0
Grounds:	Early			
Effective Date:	January 1, 2016			
Average Salary:	Highest 2 out of last 5 years			\$ 147,519.48
	Final Base Pay			146,780.00
Pension Allowed:				
Unreduced Pension:	42.50 %			\$ 62,695.80
Early Reduction Factor:	4.00 % for each year prior to age 60			12.00%
Reduced Pension:				\$ 55,172.28
Monthly Payment:				4,597.69
<u>Singleton, Kevin</u>				
Emp. # 942848 / 990761				
Union: Local 760				
		Years	Months	Days
Term of Service (including Sick Exchange):		24	0	0
Sick Exchange:		4	0	0
Grounds:	Service			
Effective Date:	January 9, 2016			
Average Salary:	Final Base Pay			\$ 109,151.71
Pension Allowed:	66.00 %			72,040.08
Monthly Payment:				6,003.34

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**III. Regular Retirements (continued)**

		<u>AMOUNT</u>		
		Years	Months	Days
<u>Surgeon, Shirley</u>				
Emp. # 942874 / 990765				
Union: Non-Union				
Term of Service (including Sick Exchange):		11	0	0
Sick Exchange:		0	0	0
Grounds:	Vested Service			
Effective Date:	September 10, 2015			
Termination Date:	May 21, 2009			
Average Salary:	Highest 2 out of last 5 years			\$ 80,586.46
	Final Base Pay			80,000.00
Pension Allowed:	27.50 %			22,161.24
Monthly Payment:				1,846.77

<u>Williams, Malachai</u>				
Emp. # 941468 / 990762				
Union: HMEA				
Term of Service (including Sick Exchange):		28	0	0
Sick Exchange:		1	0	0
Grounds:	Service			
Effective Date:	February 4, 2016			
Average Salary:	Highest 2 out of last 5 years			\$ 60,889.06
	Final Base Pay			59,710.00
Pension Allowed:	75.00 %			45,666.84
Monthly Payment:				3,805.57

<u>Yergeau, Edward</u>				
Emp. # 942903 / 990768				
Union: HPU				
Term of Service (including Sick Exchange & Military):		28	0	0
Sick Exchange:		4	0	0
Military:		3	10	4
Grounds:	Service			
Effective Date:	January 23, 2016			
Average Salary:	Highest 3 out of last 5 years			\$ 146,451.42
	Final Base Pay			87,127.00
Pension Allowed:	72.00 %			105,445.08
Monthly Payment:				8,787.09

**IV. Terminated Vested – Requests to Vest Benefits**

The following requests to vest benefits were approved by consent vote:

	<u>AMOUNT</u>
<u>Beaudoin, Christa</u>	
Emp. #035998	
Union: Local 1018C	
Date of Termination:	May 20, 2008
Term of Service:	24 years
Grounds:	Vested Service
Normal Retirement Date:	August 11, 2022 (Age 60)
Average Salary:	Highest 5 out of the last 10 years
	\$ 58,564.62
	52,567.00
Pension Allowed:	28,110.96
Monthly Payment:	2,342.58
<u>Hawley, Jason</u>	
Emp. # 945946	
Union: Local 760	
Date of Termination:	December 19, 2015
Term of Service:	6 years
Grounds:	Vested Service
Normal Retirement Date:	December 15, 2029 (20 years)
Average Salary:	Final Base Pay
	\$ 74,602.39
Pension Allowed:	11,190.36
Monthly Payment:	932.53

**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>
990678	Bernier, Marie	01/22/2016	\$ 2,043.08	MERF
813605	Cacicedo, Nick	10/09/2015	1,211.69	MERF
980220	Hudson, George S.	01/09/2016	216.90	MERF
409626	King, Robert C.	01/25/2016	1,275.80	MERF
515051	Messier, Robert	01/07/2016	603.85	MERF
990342	Palm-Devine, Kathleen	01/29/2016	7,945.88	MERF
980247	Zodda, Mallory *	01/31/2016	100.00	MERF

\* Dependent child who has reached age 18, the end date for the children's survivor pension.

**VI. Request for Refunds of Pension Contributions**

The following refunds of pension contributions were approved by consent vote:

<u>NAME</u>	<u>AMOUNT</u>
Bartolotta, Lara	\$ 1,395.93
Bush, Terrell**	7,379.93
Callahan, Rachel	1,764.85
Daley, Monique	15,964.87
Harris, Tyera	1,248.36
Mayfield, Shelly	3,718.32
Moran, Richard*	197.69
Moriarty, Rosita	22,966.15
Radney, Jessie Mae**	7,379.94
Ramos, Iris Delia	4,267.78
Riveiro, Vincent*	639.36
Severini, India	4,999.09

**VI. Request for Refunds of Pension Contributions (continued)**

<u>NAME</u>	<u>AMOUNT</u>
Tigget, Sessil	\$ 1,236.07
Tinh, Nguyet	266.90

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.

\* Additional contributions or interest due to the member.

\*\* Beneficiary of deceased terminated MERF member Gloria Jones

**VII. Request for Refund of Contributions for Excess Purchased Service**

**The following amount paid for additional pension service that was not able to be used in the pension calculation was approved by consent vote:**

<u>Name</u>	<u>Amount Due:</u>	<u>Service Type</u>
Yergeau, Edward	\$ 800.81	Military

**VIII. Service Purchases**

**Routine Service Purchases**

The following individuals 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 per the consent vote.**

<u>NAME</u>	<u>TYPE</u>	<u>AMOUNT</u>			<u>PURCHASE PRICE</u>
		<u>Years</u>	<u>Months</u>	<u>Days</u>	
Matos, Nohemy *	Prior City	2	10	12	\$ 4,550.52
Meany, John *	CMERS	10	7	22	31,426.96

\* This individual has elected payroll deduction.

**IX. July 1, 2015 Actuarial Valuation Report**

Chairman Stevens introduced the item. Timothy Ryor of Hooker and Holcombe introduced his colleagues Ellen Kucenski and Brianne Fayed, and gave a brief overview of the July 1, 2015 valuation results. Ellen Kucenski continued by reviewing the asset performance during the fiscal year ending June 30, 2015 and explained that the return on the market value of assets was 2.0% and the return on the smoothed or actuarial value of assets was 8.7%, which is greater than the actuarial assumption of 7.75% due to smoothing of large unrecognized gains from prior years. Ms. Kucenski added that the return on the market value of assets resulted in a \$59.87 million loss for the fiscal year ending June 30, 2015, of which \$11.97 million was recognized this year.

Next Ms. Kucenski reviewed the actuarial gains and losses. Ms. Kucenski explained that the expected liability was \$1.352 billion while the actual liability was \$1.355 billion, resulting in a 0.2% loss. Ms. Kucenski stated that gains and losses were reflective of actual experience differing from assumed experience and that a full experience study was completed in 2011 and that an updated study would be completed in 2016 after the July 1, 2016 data was received. Additionally, Ms. Kucenski explained that there was a \$16.0 million loss due to corrections in the data, primarily forms of payment for retirees and status changes for rehired Board of Education employees. Ms. Kucenski stated that this loss was partially offset by a \$5.0 million gain from corrections to the post-1999 Police early retirement benefit coding in their system. Ms. Kucenski noted that the net impact of asset and liability gain/loss was an increase of \$4.2 million in the unfunded liability and an increase in the contribution of approximately \$0.5 million.

Ms. Kucenski then discussed the contribution calculation, which was composed of the amortization of the unfunded liability plus the normal cost, and that the unfunded liability was the liability minus the actuarial value of the assets. Ms. Kucenski reminded the Commission that the unfunded liability as of July 1, 2013 had been frozen and was amortized over 25 years, or \$27.7 million annually. Ms. Kucenski further explained that new actuarial gains or losses were determined annually and amortized over 15 years and that this year the actuarial gain generated a credit of \$1.1 million, making the net amortization amount \$26.6 million. Ms. Kucenski stated that the normal cost, which was the portion of the value of the benefits allocated to the current year, was \$12.7 million and that after adjusting for interest and plan expenses, the contribution for the 2016-2017 fiscal year was \$40.85 million, which was up \$568,000 from last year.

Secretary Adam Cloud noted that the contribution would be true-up at the end of the year when actual payroll was available. George Zoltowski from Management and Budget asked what was the date of the payroll figure. Ms. Kucenski stated that the payroll figure was based on the July 1, 2015 data provided by the City of Hartford, projected to the end of the year using the salary increase assumptions in the valuation. This question sparked a discussion around the pay provided for the valuation versus what the City used for the budget. Mr. Ryor noted that most of the contribution was based on the amortization of the frozen July 1, 2013 unfunded liability and would not fluctuate much with the payroll true-up.

Next Mr. Ryor discussed the mortality table and noted that last year the City had made the decision to phase-in the impact of the mortality table update. Plan Administrator Donna Parker asked Mr. Ryor why the updated mortality improvement scale MP-2015 was not used. Mr. Ryor responded that the liability of the plan was less than 1% higher using the RP-2014 mortality table with MP-2015 projection scale as compared to the customized base table and MP-2014 projection scale currently being used by the City of Hartford. Given the minimal impact and the upcoming experience study, Mr. Ryor stated that the mortality table was not updated at this time and would be revisited when the full experience study was completed later this year.

Lastly Mr. Ryor reviewed the funded percentage after the change in the mortality table, which was 77.6% using the actuarial value of assets and 76.0% using the market value of assets. Mr. Ryor added that these results still put the City of Hartford in the well-funded category, but looking ahead contributions were likely to increase as asset returns were not looking very good so far this year. Mr. Ryor also noted that there was only \$10.0 million in cumulative liability gains or losses over the last 5 years so the results from the upcoming experience study were not likely to yield any hidden sources of gains.

Mayor Luke Bronin asked what the amortization period was prior to July 1, 2013 and what other municipalities were using for amortization periods. Mr. Ryor responded that the amortization period had been 15 years prior to July 1, 2013 and that almost all municipalities Hooker and Holcombe worked with were using a level dollar amortization for a period not longer than 25 year and that amortizing over a period greater than 25 years would not be recommended. Mayor Bronin asked where the City of Hartford's funding percentage was in relation to other municipalities and also what would the impact be of moving to 30 years from 25 years for the fixed amortization and changing the rolling amortization from 15 to 25 years. Mr. Ryor stated that the City of Hartford's funded percentage was in the middle and that moving to a 30 year amortization would reduce the annual contribution by approximately \$2.3 million. Mr. Ryor further stated that he would not recommend increasing the rolling amortization period.

Secretary Cloud stated that the next steps would be to present the final valuation in March/April, which tied into the timing of the budget. Mayor Bronin stated that he understood that the City's charter gave the Pension Commission discretion to recommend a contribution less than the Actuarially Determined Employer Contribution (ADEC). Secretary Cloud noted that further conversations about the contribution would need to occur as soon as possible so that Hooker and Holcombe had time to complete any work required to finalize the valuation.

**A motion was made, seconded and unanimously adopted to accept the preliminary report showing a recommended contribution of \$40.85 million, pending additional discussions regarding the City's level of contribution.**

**X. Fiduciary Liability Insurance Provider**

Chairman Stevens introduced the item. Assistant Corporation Counsel Lisa Silvestri stated that a request for proposal for the Fiduciary Liability Insurance Policy had been sent and four quotes from three of the vendors had been received. Ms. Silvestri stated that based on review of the responses and assistance from Tomek Furtak from Risk Management, the Treasurer's office recommended Wentworth-DeAngelis Insurance be hired as agent to provide fiduciary liability insurance through Great American to the Hartford Municipal Employees' Retirement Fund commencing on February 27, 2016 and terminating on February 27, 2017.

Mr. Furtak stated that two of the responses had been eliminated because the responses did not address the IRS sublimit. Mr. Furtak noted that the other two responses were comparable; however, Great American had a premium advantage. Commissioner Frank Lord asked if the policy had changed from what had been covered in the past. Mr. Furtak stated that the policy's coverage levels had not changed. Ms. Silvestri noted that this policy covered the Commissioners and staff.

**A motion was made, seconded and unanimously adopted to hire Wentworth-DeAngelis Insurance as agent to provide fiduciary liability insurance through Great American.**

**XI. Executive Session – Personnel Matters**

**A motion was made, seconded and unanimously adopted to enter into executive session to discuss Personnel Matters before the Commission, after which a motion was made, seconded and unanimously adopted to return to open public session. Chairman Peter Stevens, Commissioner Frank Lord, Secretary Adam Cloud, Assistant City Treasurer Carmen Sierra, Plan Administrator Donna Parker, Assistant Plan Administrator Rebecca Crowley and Assistant Corporation Council Lisa Silvestri were present during the executive session.**

**XII. Other Business**

Chairman Stevens introduced the item. Secretary Adam Cloud stated that Leigh Ann Ralls from Finance requested that the MERF pick up the cost of salaries for two additional individuals involved in pension and/or OPEB related work. Secretary Cloud noted that this was in addition to the two individuals outside the pension staff currently paid from the MERF. Ms. Ralls requested that 30% of a principal accountant's salary (or approximately \$25,000) be paid from the MERF. Ms. Ralls stated that this individual was currently involved in reconciling employee and employer contributions, reconciling amounts transferred to BNY, monthly and quarterly reporting and pension true-up. Ms. Ralls further requested 15% of a principal accountant's salary for similar work related to the OPEB trust.

Secretary Cloud stated that he needed to submit a budget splitting staff salaries between OPEB, MERF and Treasury and that the budget did provide for some of the cost (approximately \$42,000) to be borne by the OPEB Trust. Secretary Cloud stated that 30% seemed a little high and there needed to be a sit down to discuss the parameters of the relationship. Secretary Cloud requested that Ms. Ralls make a formal request in writing for the two additional individuals and also asked that the request cover the finance employee currently paid from the MERF as well since no formal documentation of that relationship currently existed.

**XIII. 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. Chairman Peter Stevens, Commissioner Frank Lord, Commissioner Gene Goldman, Secretary Adam Cloud, Assistant City Treasurer Carmen Sierra, Plan Administrator Donna Parker and Assistant Plan Administrator Rebecca Crowley were present during the executive session.

*Benefit Approvals*

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

<u>NAME</u>	<u>UNION</u>	<u>QUALIFICATION</u>	<u>YEARS</u>	<u>AGE</u>
Martin, Jr., Ralph	Local 760	Service Connected Partial	24	62

There being no further business, Chairman Stevens adjourned the Pension Administration portion of the meeting at 10:50 a.m.

Attest:

  
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Adam M. Cloud, Secretary