PENSION COMMISSION
L & I Conference Room
260 Constitution Plaza
Thursday, March 24, 2016
9:00 a.m.

MINUTES

PENSION ADMINISTRATION

MEMBERS PRESENT:	Peter Stevens, Chairman; Frank Lord; Gene Goldman; Nicholas Trigila, Employee Representative; Adam Cloud, Secretary
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; Terry Williams, Senior Administrative Assistant; Chelsea Mott, Accountant; Sandra Rivera, Treasury Intern
OTHERS PRESENT:	Richard Pokorski, Employee Benefits; George Zoltowski, Management & Budget; Luke Bronin, Mayor; Kristin Feeney-Cook, NEPC; Timothy Ryor, Hooker and Holcombe; Amy Humphrey and Todd Theroux, Mass Mutual

Chairman Peter Stevens called the meeting to order at 9:10 a.m.

I. Minutes of the Meetings of January 29, 2016 and February 26, 2016

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 January 29, 2016 meeting (Frank Lord abstained).

A motion was made, seconded and unanimously adopted to accept the minutes of the February 26, 2016 meeting (Gene Goldman abstained).

Prior to the discussion of the remaining agenda items, Secretary Adam Cloud asked Plan Administrator Donna Parker to recap the break-in-service agenda item from the January Commission meeting for Mayor Luke Bronin's benefit. Ms. Parker explained that employees with prior City service were allowed to repurchase that service and request to close the break in service. Ms. Parker further explained that in the past all requests to close breaks and receive credit for prior service were approved by the City Council. Ms. Parker noted that in October 2015 the City Council had approved an ordinance for the Pension Commission to review and approve any requests when the break in service was less than the prior period of service, but that longer breaks would still need to be approved by the City Council.

Ms. Parker stated that 9 requests with shorter breaks were approved by the Commission in January and that 4 requests with longer breaks needed to be submitted to the City Council. Ms. Parker noted that the cost was largely dependent on the employee's prior vesting status. Mayor Luke Bronin asked if the Commission could approve the longer breaks. Ms. Parker replied that the ordinance provided that these requests had to go to the City Council for approval. Commissioner Gene Goldman asked if the City Council had pushed back on requests with longer breaks in the past. Ms. Parker indicated that the City Council had approved all requests in the past.

Agenda Items II through VII - Discussion

Under the new administrative process, the Pension Commission discussed agenda items II through VII prior to any motions or approvals. Plan Administrator Donna Parker indicated that the agenda items were routine this month and the only item of note was the retirement of the former Fire Chief, which had been highlighted in an article in the Hartford Courant. Ms. Parker noted that the former Fire Chief had 35 years of service with the City and retired at the maximum 85% level.

Ms. Parker also stated that the Pension Unit had received numerous calls regarding the layoffs and participants were requesting estimates of their pension benefits. Ms. Parker estimated that there were 50 requests in-house and that many employees, if laid off and eligible for retirement, would retire. Commissioner Goldman asked what the timing was for responding to the requests for estimates. Ms. Parker responded that two weeks was standard, but if employees wanted their estimates sooner, the staff would try to accommodate the requests if at all possible.

Secretary Cloud asked if there was a pattern in the groups requesting estimates. Ms. Parker indicated that there were many Fire, HMEA, CHPEA and Board of Education employees requesting estimates, but not many police. Commissioner Goldman asked if there were some police in the 20 year class remaining. Ms. Parker indicated there were some, as well as the later classes. Employee Representative Nicholas Trigila indicated there were approximately 48 officers in the 1995/1996 class eligible to retire at the end of 2016. Commissioner Goldman asked if these officers were still eligible for the enhanced final average earnings. Ms. Parker responded yes.

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:

Cacicedo, Carol, survivor of the late Nick Cacicedo, member of the Municipal Employees' Retirement Fund (MERF) who died October 9, 2015 (Survivor benefits under the MERF; Emp. #S813605 / 980330)

Effective Date:	November 1, 2015	
Annual Allowance:		$ 7,270.20
Monthly Allowance:		605.85

Haydasz, Barbara, survivor of the late Carl Haydasz, member of the Municipal Employees' Retirement Fund (MERF) who died February 6, 2016 (Survivor benefits under the MERF; Emp. #S332844 / 980331)

Effective Date:	March 1, 2016	
Annual Allowance:		$ 10,081.20
Monthly Allowance:		840.10

III. Regular Retirements

The following regular retirement benefits were approved by consent vote:

AMOUNT

Carrasco, Jose
Emp. # 941680 / 990772
Union: HMEA

		Years	Months	Days
Term of Service (including Sick Exchange):		24	0	0
Sick Exchange:		3	0	0
Grounds:	Service			
Effective Date:	February 5, 2016			
Average Salary:	Highest 2 out of last 5 years			$ 70,044.03
	Final Base Pay			68,650.00
Pension Allowed:	65.25%			45,703.68
Monthly Payment:				3,808.64

III. Regular Retirements (continued)

AMOUNT

Gaudet, Corrine
Emp. # 901970 / 990774
Union: Local 2221

		Years	Months	Days
Term of Service (including Sick Exchange):		24	0	0
Sick Exchange:		0	0	0
Grounds:	Service			
Effective Date:	March 30, 2016			
Average Salary:	Highest 3 out of last 5 years			$ 34,814.24
	Final Base Pay			32,463.00
Pension Allowed:	58.00%			20,192.28
Monthly Payment:				1,682.69

Huertas, Carlos
Emp. # 362840 / 990773
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 14, 2016			
Average Salary:	Final Base Pay			$ 153,750.27
Pension Allowed:	85.00 % less QDRO			103,647.60
Monthly Payment:				8,637.30

IV. Terminated Vested – Requests to Vest Benefits

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

AMOUNT

Milling, Mellessa
Emp. # 944480
Union: HMEA

Date of Termination:	December 21, 2015	
Term of Service:	13 years	
Grounds:	Vested Service	
Normal Retirement Date:	February 13, 2034 (Age 60)	
Average Salary:	Highest 2 out of the last 5 years	$ 57,201.48
	Final Base Pay	56,690.00
Pension Allowed:	26.00 %	14,872.44
Monthly Payment:		1,239.37

IV. Terminated Vested – Request to Vest Benefits (continued)

		AMOUNT
Thompson, Annmarie		
Emp. # 000642		
Union: Local 82		
Date of Termination:	November 27, 2015	
Term of Service:	7 years	
Grounds:	Vested Service	
Normal Retirement Date:	July 13, 2027 (Age 60)	
Average Salary:	Highest 3 out of the last 5 years	$ 33,407.20
	Final Base Pay	35,520.00
Pension Allowed:	17.50 %	5,846.28
Monthly Payment:		487.19

V. Separations from Pension Payroll

The following separations from Pension Payroll were placed on file:

EMPLOYEE NUMBER	NAME	DATE OF DEATH	PENSION AMOUNT	PENSION PLAN
009750	Alleyne, Joseph	02/29/2016	$ 1,177.67	MERF
296767	Casais, Bertha	02/24/2016	212.19	MERF
215104	Doyle, Doris	02/28/2016	624.47	MERF
904493	Goodwin, Shirlene	02/09/2016	925.26	MERF
332844	Haydasz, Carl	02/06/2016	1,496.54	MERF
673390	Kurtzman, Rhoda	11/14/2015	1,783.82	MERF
457272	Lupo Jr., John P.	02/07/2016	1,990.53	MERF
457214	Lupo Jr., John P.	02/07/2016	763.73	MERF
639877	Rossi, William	02/21/2016	4,028.13	MERF
672416	Shea, Judith	02/17/2016	2,352.09	MERF
765180	West, Odessa	02/14/2016	830.61	BOE-RAF

The pension for the following individual has been suspended due to the fact that at least two pension payments remain uncashed or were returned as undeliverable and the individual has not responded to inquiries made by the Pension Unit as to their address and/or status.

EMPLOYEE NUMBER	NAME	DATE OF REMOVAL	PENSION AMOUNT	PENSION PLAN
547000	Muse, Rosalie	03/01/2016	$ 1,639.37	MERF

VI. Request for Refunds of Pension Contributions

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

NAME	AMOUNT
Acevedo, Erica	$ 1,917.76
Barnes, Dion *	138.30
Jimenez, Aurea *	44.98
Lamark-Muir, Renee	36,289.43
Maldonado, Nelky	2,873.55
Mannila, Russell	5,172.12
Moody, Falisu *	2,044.38
Mosely, Yvette *	370.40
Mueller, Millie	1,363.17
Phan, Thanh-Tra	24,153.38
Quach, Binh	5,341.52
Santos, Julio *	19.26
Waldron, Dustin	825.05
Williams, Stanley	22,424.57
Wininger, Erin *	44.25

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.

* Additional contributions or interest due to the member.

VII. Qualified Domestic Relations Orders

The Pension Unit had received two properly executed Qualified Domestic Relations Orders (QDRO), one for the MERF and one for the Deferred Compensation Plan.

The following QDROs, with assignments as indicated, subject to like reductions in the contribution and pension accounts of the plan member, were approved by consent vote.

MERF

QDRO: 16-2

Entered into Court Records: March 1, 2016
Benefit Calculation Date: October 2, 2015

		Percentage	Dollar Amount
Benefit Assigned to Alternate Payee:	Monthly:	50.00 %	$ 1,719.33
Pension Contributions Assigned:	Pre-Tax:	50.00 %	41,170.13
	Post-Tax:	50.00 %	0.00
	Interest:	50.00 %	0.00

Alternate Payee Retirement Date: February 17, 2029

Section 457 Deferred Compensation Plan

QDRO: 16-3

Entered into Court Records: March 1, 2016
Contribution Assignment Date: October 2, 2015

	Percentage
Contributions Assigned:	50.00 %

VIII. 2015 Annual Report for the Section 457 Deferred Compensation Plan

Chairman Stevens introduced the item. Amy Humphrey from MassMutual introduced herself and stated that she was responsible for overseeing all government clients nationally and that she had previously been the client relationship manager for the City of Hartford. Ms. Humphrey explained that MassMutual was going through a reorganization, as noted in the news, and that MassMutual was still strongly committed to the government business. Ms. Humphrey noted that relationship managers were now assigned to clients with $15M or more in assets versus previously being assigned to clients with $5M or more in assets, which meant that managers had more time to spend on relationships for larger clients, the City of Hartford being among that group.

Todd Theroux from MassMutual introduced himself as the new client relationship manager for the City of Hartford. Mr. Theroux noted that he had been working in the field for 17 years. Mr. Theroux then presented the Section 457 Deferred Compensation Plan results to the Commission. Mr. Theroux highlighted a few key statistics, including the fact that plan assets as of December 31, 2015 were up 2% from December 31, 2014. In addition, Mr. Theroux noted that participant deferrals were up 14%, which was due in part to participant education, however, withdrawals were also up, which could be due to increased awareness of the plan with the recent transition to the MassMutual platform. Mr. Theroux further noted that expenses were lower and investment income was down from about $5 million in the prior period to $2 million this year.

Mr. Theroux stated that the number of participants in the plan had increased due to more enrollments and that the number of participants contributing had also increased.
Mr. Theroux noted that the annual contribution by participant had also increased, which was a good sign when combined with the number of new participants. In addition to the increased annual contribution, Mr. Theroux stated that the average account balance had increased from December 31, 2014 and that the average balance for the City of Hartford was right on track with the national average. In conclusion, Mr. Theroux noted that the number of investments per participant had increased slightly, which reflected the education efforts of MassMutual and the City of Hartford.

Commissioner Gene Goldman asked if there was any City money in the section 457 plan. Mr. Theroux indicated that there was only employee money in the plan and that the City was in the process of adding a Roth feature to the plan. Mr. Theroux stated that MassMutual's education specialist, Megan Gibb, would be available to help educate employees on this new feature, as well as an education campaign that would be sent to all employees. Secretary Cloud asked what the timing was for implementing the Roth feature. Pension Plan Administrator Donna Parker indicated that staff was waiting for payroll codes to be set up and was working with MassMutual on a postcard mailing to participants in the meantime.

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

IX. July 1, 2015 Actuarial Valuation Report

Chairman Stevens introduced the item. Timothy Ryor from Hooker and Holcombe presented the final valuation report to the Commission and noted that the numbers were unchanged from the preliminary report presented at February's Commission meeting. Mr. Ryor highlighted the projected 2017-2018 contribution of $43.9 million and noted that his staff was currently working on a five year projection and, given the increased desire to see these figures, would plan to include it in the annual valuation report in following years. Commissioner Gene Goldman asked about the results of the prior projection work. Mr. Ryor replied the prior projection had been completed in April 2015 and had projected a lower contribution, however, given the asset loss in 2015 and the likely loss at June 30, 2016, the contribution was now projected to be higher.

Mr. Ryor stated that Hooker and Holcombe would be performing an experience study later this year and the results of this study could increase or decrease the contribution for 2017/2018, however, there was no huge source of gain or loss hidden in the current assumptions that Hooker and Holcombe was aware of and that asset return was a more significant driver of cost. Mr. Ryor indicated that the contribution was likely to continue to increase in future years. Commissioner Goldman asked Mr. Ryor to confirm that the biggest drivers were investment return, salary scale, retirement and other demographic assumptions. Mr. Ryor noted that if the salary scale overstated actual salaries, there could be a gain, just as other assumptions could cause the liabilities to increase or decrease. Mayor Luke Bronin asked how employees with a cliff (potential overtime earnings) were accounted for in the valuation. Mr. Ryor responded that there was a 40% load on base salaries to account for increases in final average earnings for employees with a cliff.

Commissioner Goldman asked if that meant there was prefunding of the increased benefits. Mr. Ryor stated that there was some prefunding built in, but depended on how well actual experience matched the assumption. Commissioner Frank Lord noted that the focus was generally on the exceptions versus the average employee. Employee Representative Nick Trigila asked if this meant that the asset losses were more impactful than the cliffs. Mr. Ryor responded that asset losses were not factored in but cliffs were factored into the liability using the actuary's best guess based on actual past experience. Mayor Bronin noted that the assets were the main driver in the volatility of the contribution.

Commissioner Lord asked if there were different assumptions used for the different tiers with the contract changes. Mr. Ryor noted that all of the retirement experience for Police was under the old tier and that no one was eligible for retirement under the new tier so there was no data available on how employees would behave and an assumption could not be validated until retirement data under the new tier was available.

IX. July 1, 2015 Actuarial Valuation Report (continued)

Commissioner Goldman asked how any changes in administrative practices, such as how overtime was assigned, would be reflected. Mr. Ryor responded that any information with regard to changes in pattern would be helpful and Hooker and Holcombe would try to factor it into the valuation. Secretary Adam Cloud noted that there had been a discussion regarding capping the overtime and asked Mr. Ryor what impact that would have. Mr. Ryor responded that if this change only impacted new hires, it would have limited impact in the short term, and would be more impactful if a cap was applied to existing employees.

Mr. Trigila asked Mr. Ryor to expand upon the coding issues for the Board of Education and the Police and if there had been more analysis into coding oversights. Mr. Ryor responded that coding was reviewed every year and adjustments were made for any changes. Mr. Ryor further noted that the data updates made during the valuation process this year were more impactful than the updated coding. George Zoltowski of Management and Budget asked if the new Police classes implied that there would be less overtime. Mr. Ryor responded that the actuaries could only look at the data provided by the City and that any input from the City on pattern changes would be helpful. Chairman Peter Stevens stated that no significant changes had been communicated to Hooker and Holcombe in the last few years. Mr. Ryor indicated that Hooker and Holcombe would need formal documentation from the City for any changes in procedures to be reflected in the valuation assumptions. Commissioner Lord asked whether new hires were factored into the valuation, and Mr. Ryor responded that new hires were not included.

Director of Investments Gary Draghi asked Mr. Ryor how the 7.75% return assumption stacked up against his other municipal clients. Mr. Ryor responded that the return assumption was on the high end, but that the asset allocation needed to be considered in conjunction with the rate of return since different allocations would support different return assumptions. Mr. Ryor noted that the average return assumption for 53 municipalities that were clients of Hooker and Holcombe was 7.34%, and that the liability weighted average was 7.70%. Mr. Ryor stated that this implied that some municipalities were still higher than the City of Hartford. The trend, however, was to lower the return assumption, Mr. Ryor continued. Secretary Cloud asked how changing the assumption would impact the valuation. Mr. Ryor responded that a 25 basis point drop in the return assumption would increase the contribution by 3%.

IX. July 1, 2015 Actuarial Valuation Report (continued)

Mayor Bronin asked Mr. Ryor to clarify the liability increase on page 8 of the valuation report. Mr. Ryor responded that the liability was expected to grow with new retirements. Mayor Bronin asked if the volatility was market driven and the liability was experience driven, did the increase in liability mean there was a variance from anticipated experience. Mr. Ryor responded that was not the case and that the total plan liability as of July 1, 2014 was expected to grow by 7.75% and that the liability had to be looked at in total versus by status since participants move between buckets during the year through retirement, as well as the impact of new hires during the year. Mr. Ryor noted that the expected liability at July 1, 2015 was $1.53 billion and the actual liability at July 1, 2015 was $1.54 billion, indicating that there was a very small liability loss. Mayor Bronin stated that he would need some more time to understand. Commissioner Lord commented that there were older retirees dying with smaller benefits being replaced by new retirees retiring with larger benefits. Mr. Ryor stated that he would follow up with a more detailed display of the liability gain/loss to help clarify the issue.

Director of Investments Draghi asked if having more retirees than actives was typical. Mr. Ryor responded that the City of Hartford's plan was very mature and on the high end with approximately 70% of the liability attributable to retirees and that it was more typical to have closer to 65% of liability attributable to retirees. Secretary Cloud asked Mr. Ryor to provide more detail on the $12.7 million normal cost. Mr. Ryor responded that the $12.7 million figure included expenses of the plan and the normal cost was $11.8 million without expenses. Mr. Ryor further noted that the $12.7 million figure was after subtraction of annual employee contributions.

Secretary Cloud asked Mr. Ryor for a preview of the impact of a decrease in the pension contribution of $20 million. Mr. Ryor responded that the contribution was similar to a bond at 7.75% and that it was paid back over time. Mr. Ryor continued that this would mean the City would owe an additional $2.33 million contribution each year if the $20 million was amortized over 15 years at 7.75%, which totaled to $34 million in payments. Commissioner Lord asked that if multiple years contributions were reduced by $20 million, would the impact be even higher. Mr. Ryor responded yes, that it scales up and it also assumed that the assets were earning 7.75% and if actual returns were different, the numbers would change. Mr. Ryor noted that it was better to have a consistent funding policy than to try to time the market. Commissioner Goldman also noted there was lost earnings on the $20 million if the market had a high return.

IX. July 1, 2015 Actuarial Valuation Report (continued)

Commissioner Lord noted that the Mayor had written a letter requesting that Hooker and Holcombe cost out various potential cost saving scenarios. Secretary Cloud indicated that Hooker and Holcombe had an earlier version and that the only change was the addition of a scenario that reflected a $30 million fixed contribution. Secretary Cloud asked Mr. Ryor the impact of changing the vesting requirement. Mr. Ryor stated that changes in vesting would have a nominal impact. Secretary Cloud stated that the impact of moving to a defined contribution (DC) plan would mean that the $1.4 billion liability for the pension plan still existed and needed to be funded, plus there would be an additional DC contribution required. Secretary Cloud indicated that he did not yet have an answer to the hybrid design scenario. Mr. Ryor stated that he would prepare a grid for 30, 35 and 40 year amortization periods, but noted that the contribution would still be in the high 30 million dollar range since only $306 million of the liability was subject to amortization.

Mr. Trigila noted that a lower contribution could impact the City's bond rating. Mr. Ryor noted that rating agencies look at the funding policy and the commitment to that policy, in addition to the funded percentage. Mayor Bronin noted that the City would be downgraded regardless. Commissioner Goldman asked if there were any guidelines to follow. Mr. Ryor responded that he had a professional obligation to state his opinion in the valuation report if the funding policy was not going to adequately fund the plan. Mayor Bronin asked what the funded percentage was for other municipalities. Mr. Ryor noted that West Hartford's funded percentage was below 50% and New Haven's percentage was even lower. Mr. Ryor further noted that the past contributions for both cities did not cover interest on the unfunded liability, though both were currently putting processes in place to increase contributions.

With regard to joining the state plan, Secretary Cloud noted that he needed to have a conversation with the State Treasurer to determine the buy-in cost and also noted that the State wanted plans to be fully funded when joining and typically only active participants were moved. Commissioner Lord noted that the City could buy annuities for retirees. Mr. Ryor stated that this would be hugely expensive and that the remaining assets would be for retirees with a shorter time horizon, which meant the asset allocation would need to be adjusted, likely resulting in a lower return assumption.

IX. July 1, 2015 Actuarial Valuation Report (continued)

Secretary Cloud asked Kristin Feeney-Cooke of NEPC to tie together the investment implications of a reduced pension contribution with the actuarial discussion. Ms. Feeney-Cooke explained that NEPC had performed a liquidity study and noted that illiquid assets provided for a higher return, but the plan needed to be able to afford it. Ms. Feeney-Cooke noted that if the plan needed to be liquid, then the plan cannot invest in illiquid assets since the money would be tied up for 8 to 10 years. Ms. Feeney-Cooke stated that NEPC had looked at the MERF portfolio under a base case scenario and stress case scenario under which there were sustained low contributions and a 6.4% asset return. Ms. Feeney-Cooke noted that under the stress case scenario there was a decline in the asset value of $175 million and the funded percentage fell from 76% to 52% within a 4 year time horizon.

Ms. Feeney-Cooke also showed a liquidity profile comparison and noted that with the low contribution scenario there were fewer assets to rebound with due to investment returns. Ms. Feeney-Cooke stated that the plan could divest private investments; however that would mean long term expected returns of 7.75% would not be met if there was a smaller pool of assets and it would become impossible to catch up.

Secretary Cloud asked what the asset impact was relative to volatility and the impact on the net return. Ms. Feeney-Cooke responded that the target return for 2016 was currently 6.4% but would drop to 6.08% under the stress case scenario, along with a decreased Sharpe Ratio and a less efficient portfolio. Director of Investments Draghi noted that the stress case scenario was very distressing as it indicated insolvency for the Pension Plan.

Mayor Bronin stated that there could still be a stress case scenario even with high contributions and that the ability of the City to sustain payments needed to be contemplated. Mayor Bronin stated that the City cannot pay what was needed without driving the City itself into insolvency and that the City would be maintaining the MERF at the cost of services or revenue of the City itself through an increased mill rate. Mayor Bronin noted that there was no easy answer to the problem and would not ask the Pension Commission to consider a reduction in the pension contribution if there was another way.

Secretary Cloud thanked the Mayor and stated that the Commission recognized the challenge the Commission had as fiduciaries, along with the consideration of broader issues. Secretary Cloud noted that the Commission was ready to partner with the Mayor to help solve the issue. Mayor Bronin noted that the issue was not the $48 million for this year, but rather the issue was the coming years in which the deficit was projected to increase significantly. Mayor Bronin noted that the debt service was over $40 million next year without any additional borrowing.

IX. July 1, 2015 Actuarial Valuation Report (continued)

Secretary Cloud asked the Mayor about the status of the legislation. Mayor Bronin stated the key elements were to have the Commission's pension contribution recommendation be non-binding, an involuntary surcharge for tax-exempt entities, a tax surcharge for for-profit companies, underfund education, and an oversight committee to replace the arbitration panel. Mayor Bronin noted that arbitration was currently ongoing and even if the City won in arbitration, the City would still lose because the City could not afford the benefits. Chairman Stevens stated that the Commission understood the Mayor's predicament, and that the Commission had a responsibility to understand the gravity of what a decreased contribution would do to the MERF, as well as the impact that would have on the asset allocation and the timeframe needed to obtain that asset allocation. Commissioner Lord noted that a change in the contribution could also impact the actuarial return assumption and increase costs if the current return assumption could no longer be supported.

Secretary Cloud stated that having to change the Charter concerns him and hoped that the Mayor and Pension Commission could work towards a solution without a change to municipal law. Mayor Bronin responded that the City would pay what it could and would not put the Commission in a position to have to agree with something the Commissioners were not comfortable with for the health of the plan. Mayor Bronin noted that this would be a division of responsibility.

A motion was made, seconded and unanimously adopted to determine that the Actuarially Determined Employer Contribution for this year, based on the recommendations and findings of Hooker and Holcombe in the July 1, 2015 actuarial valuation report for the 2016/2017 fiscal year, was $40.85 million.

X. Request from MHIS to Pay Certain Salaries from the MERF

Chairman Stevens introduced the item. Plan Administrator Donna Parker explained that Secretary Adam Cloud had received a request from Chief Innovation Officer Sabina Sitaru in Metro Hartford Innovation Services (MHIS) to have the MERF pick up the salaries, both for past work and additional work in the upcoming year, for two employees who had done a lot of work for the Pension Unit converting three earnings systems into one system. Ms. Parker noted that contribution statements had gone out with payroll this week for the first time since 2003 using this combined system and she thanked Assistant Plan Administrator Rebecca Crowley for all of her work with MHIS to get this project completed. Commissioner Frank Lord asked that a copy of a redacted statement be provided to the Commissioners and asked if the work by MHIS would be ongoing. Ms. Parker indicated that there was a Phase II of the project that involved retrieving additional data from the old systems.

Secretary Cloud stated that he was not in favor of this request since it took almost a decade to complete the project and the project should have been completed long ago. Secretary Cloud noted that the Commission should look at the Charter to see what can be included as administrative services. Assistant Corporation Counsel Lisa Silvestri stated that this system work was not a normal cost of the pension fund under the Charter.

Secretary Cloud noted that he had just received a formal written request from the Finance Department that day for the MERF to pick up salaries for three finance employees as discussed at a prior Commission meeting. Secretary Cloud stated that the request asked for 50% of Marlene Fleeting's salary (which the MERF was already paying), 30% of Patricia Beaudry's salary and 15% of Ellen McCreery's salary to be picked up by the MERF. Secretary Cloud noted that he thought 30% was high for Patricia Beaudry and recommended the Commission approved the request for 50% of Marlene Fleeting's salary, 15% of Patricia Beaudry's salary and 15% of Ellen McCreery's salary to be paid from the MERF.

A motion was made, seconded and unanimously adopted to reject Sabina Sitaro's request to pay certain MHIS salaries from the MERF.

A motion was made, seconded and unanimously adopted to pay certain Finance Department salaries from the MERF (50% for Marlene Fleeting, 15% for Patricia Beaudry and 15% for Ellen McCreery).

XI. 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 11:45 a.m.

Attest:

Adam M. Cloud

Adam M. Cloud, Secretary