

**CITY OF MIDDLETOWN
MINUTES OF THE RETIREMENT BOARD
SPECIAL MEETING
Monday, September 10, 2018 at 9:00 am**

The Special Meeting of the Retirement Board of the City of Middletown
was held in room 208 of the Municipal Building

Board Members Present: Mayor Drew, John Milardo, Steve Gomes, Linda Salafia, Joe Serra

Board Members Absent: Carl Erlacher, Mary Bartolotta

City Employees/Public/Others Present: Diana Doyle, Kori Wisneski, Deputy General Counsel (OGC), Michael Lepore (GYL), Cheryl Monarca, Joe Monarca, Derek Puorro (MPD)

- Meeting Called to Order at 9:05 am
- No Public Comments on the Agenda
- Approval of Minutes
 - May 14, 2018 regular meeting
 - Joe motioned to approve and was seconded by Linda
 - All in favor, with Mayor abstaining
- Election of Pension Board Chair and Secretary
 - Mayor nominated Steve for Chair and Carl for Secretary and was seconded by Joe
 - All in favor
- Discussion of Disability Pension Complaint
 - Kori provided background to the Board regarding the complaint; stated that the duty disability pensioner named in the complaint completed and returned the affidavit for the pension audit conducted by the Board in Spring 2018; at the time, the individual reported that he was not working; she stated that she has no reason to believe that such statement was inaccurate; the complaint indicates that this is a new position for the duty disability retiree
 - Discussion by Board of further research regarding complaint
 - Kori suggested that the Board conduct an annual audit of duty disability pensioners
 - Board determined that no action be taken at this time and that Kori respond to pensioner making complaint
 - John motioned that Kori respond, on behalf of the Board, to complainant and was seconded by Linda
 - All in favor
 - Joe motioned that the Board request a job description from the pensioner's employer; after further discussion he withdrew the motion

- Review of Investments
 - Michael reminded the Board that the Investment Manager from New Amsterdam was scheduled to attend the regular meeting in August but, was unable to attend in September; Board suggested that the Manager attend at the February 2019 meeting
 - The Pension Fund value at the end of the 2nd quarter was \$414,836,264, reflecting a return of .94%
 - Steve questioned what action the Board could take to increase the Small Cap return
 - Michael indicated possibility of adding a more aggressive growth manager but, questioned if it was consistent with the overall strategy of the Plan; advised Board to wait on taking action until meeting with the New Amsterdam Manager
 - Michael discussed the performance of the Fund Managers during the 2nd quarter; noted that Capital Group is outperforming benchmark and has erased previous underperformance; cautioned the Board that the return on High Yield Bonds will eventually begin to slow because the currently low “spreads” are not likely to remain that way
 - GYL recommended a rebalance to bring the US & Non-US Equities and Equities & Fixed Income into balance
 - Linda motioned to rebalance, as recommended by GYL, and was seconded by John
 - All in favor
 - Michael presented Investment Policy Amendment to the Pension Plan, reflecting the addition of REITs, to be signed by Carl
 - The OPEB Trust value at the end of the 2nd quarter was \$12,829,644, reflecting a return of 1.34%
 - Michael reviewed the OPEB performance; specifically noted that Lazard International continued to improve with performance ahead of benchmark; Transamerica has been placed on a watch list due to the questionable governance of a fund that it has since separated itself from; confirmed to Board that there was no impact to the OPEB Portfolio
 - Affirmed that the asset allocation is on target, no recommendation to rebalance
 - Diana confirmed that a \$600,000 contribution was made to OPEB, after approval of the budget by the Common Council
 - Steve asked that, because OPEB Trust is not used for current liabilities, could GYL present a more aggressive allocation
 - GYL will update asset allocation study for the next quarter
 - Michael presented Investment Policy Amendment to the OPEB Trust, reflecting the addition of REITs, to be signed by Carl

- Reports: (informational)
 - Quarterly Securities Litigation Update – Kessler Topaz Meltzer Check, LLP
 - Treasurer’s Report
 - Pension Investment Report

<u>Applications for Membership</u>	<u>Start Date</u>	<u>Department/Union</u>
Diann Amici	8/1/18	BOE/466
Owen Andrew	8/20/18	Fire/Fire
Andrew Brooks	8/6/18	Police/Police
Ramona Burkey	5/30/18	Library/Non-Barg
Amanda Rose Colavito	5/21/18	BOE/466
Jeremy Colon	8/6/18	Police/Police
Philip Deigan	8/31/18	Library/Library
Suraj Gunpat	7/23/18	Central Comm/466
Sara Mendillo	5/14/18	Mayor/Non-Barg

<u>Requests to Retire/Collect/Vest</u>	<u>Yrs of Svc</u>	<u>Department/Union</u>
Stephan Allison	10 yrs	Arts & Culture/UPSEU
Ernest Cantwell	29 yrs	Fire/Fire
Maureen Chabre – Vest	18 yrs	Library/Library
Michael Civitello	21 yrs	Parks/466
Jaime DelMauro	21 yrs	Police/Police
Robert Young	12 yrs	W&S/UPSEU

<u>Refund Requests/Adjustments/Other</u>	<u>Department/Union</u>
Linda Bettencourt Beneficiary – Rollover	Town Clerk/UPSEU
Thomas Tokarz – Refund	Human Resources/Non-Barg
William Vernile – Rollover	Human Resources

- Deceased Pensioners
 - Andre Raymond – benefits to spouse
 - Edith Kabatznick

- Adjournment of Meeting
 - Joe motioned to adjourn and was seconded by John
 - All in favor

Respectfully submitted: Carl Erlacher