

CITY OF MIDDLETOWN
MINUTES OF THE RETIREMENT BOARD
Monday, February 8th at 9:00 am

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

Board Members Present: Carl Erlacher, Steve Gomes, Jim Reynolds, Linda Salafia, John Milardo, Joe Serra, Mary Bartolotta (for the record, arrived at 9:20)

Board Members Absent: Mayor Drew

City Employees/Public/Others Present: Diana Doyle, Kori Wisneski, Brig Smith, Ofc. Angel Valentin, John Miller (AFSCME Council 4), Ofc. Doug Clark (President, Police local #1361), Kevin Starbird (Fire), Ernie Cantwell (Secretary, Fire local #1073), Bruce Barth (Robinson & Cole)

- Meeting Called to Order at approximately 9:00 am
- No Public Comments on the Agenda
- Approval of Minutes from December 16, 2015 meeting
 - Carl motioned to approve the minutes and was seconded by John
 - All in favor
- **Executive Session Items:** pursuant to C.G.S. 1-200(6)(a) discussion of the duty disability retirement request of Police Officer Angel Valentin; under C.G.S. 1-200(6)(b) to discuss pending grievance/claim over pension board decision
 - John motioned to go into Executive Session and was seconded by Linda
 - All in favor

 - John motioned to go out of Executive Session and was seconded by Carl
 - All in favor

 - Carl motioned to table Ofc. Valentin's duty disability request pending outcome of grievance filed with State Labor Board and was seconded, simultaneously, by Mary and Steve
 - All in favor
- Hooker & Holcomb - Actuarial Assumption (*informational, related to asset allocation discussion*)
- Discussion of Asset Allocation Proposal
 - Discussion of current portfolio allocation (55/45) with recommendation from Gerry/Wells Fargo to change to more aggressive 60/40 to support the return on asset assumption
 - Carl reviews Hooker & Holcomb spreadsheet; discussion of current rate of return (7.4%) and contributions/funding levels to the Plan; recommendation from Hooker & Holcomb to lower rate of return to 7.1%; Gerry affirms that if capital market continues in current direction (the Plan) should continue to move to a lower rate of return
 - Gerry states that currently liabilities are immunized for less than 10 years; discusses the changes that will be made to the portfolio to reflect the recommended 60/40 allocation and proposed 7.1% rate of return changes

- Carl motioned to accept (WF) recommendation to change portfolio allocation to 60/40 allocation and was seconded by Linda
- All in favor

- Steve motioned to follow recommendation to adjust fixed income to “target liabilities associated with retiree lives and lengthen out the duration of the portfolio to be consistent with those liabilities, and; to further adjust the composition within the portfolio” and was seconded by Joe
- All in favor

- Carl motioned to keep trend of a conservative expected rate of return consistent with the Hooker & Holcomb recommendation of 7.1% and was seconded by Joe
- All in favor

- Gerry recommends placing CS McKee on a formal watch list due to its extended period of underperformance; states that the 60/40 allocation will increase assets to CS McKee; recommends that additional dollars go to (new) S&P 500 Index as a holding place, to maintain large cap equity exposure
- Mike clarifies that CS McKee performance has not been negative, just lagging behind other fund managers
- Carl asks that a new fund manager (to potentially replace CS McKee) be recommended at May Pension Board meeting

- Mary motioned to put CS McKee on an official watch list and take recommendations (for new fund manager) from WF at next meeting and was seconded by John
- All in favor

- Review of Investments – agreement to proceed without review
- OGC – review of Next Steps for Pension Plan/Revised Ordinances
 - For the record, Carl clarifies that Board was being proactive by hiring Robinson & Cole to update Pension Ordinances and create (Pension) Plan Document; intent was/is to protect (Plan) assets, clarify and update Ordinances with the current IRS rules and regulations; suggested that, to avoid miscommunication, (employee) unions be made aware of the Plan Document and its intention before it is passed
 - Bruce Barth added that intention was to change Ordinances - not get rid of them – and include updated IRS language, clarify plan provisions that were wrong or unclear
 - Discussion of how to proceed with Ordinance revisions and completion of Plan Document; Ordinances will cover administrative aspects of Pension, Plan Document will cover details of Plan and updates to individual union contracts
 - Carl suggests formation of workgroup/sub-committee to review Draft Plan Document
- Treasurer’s Report (*informational*)
- Pension Quarterly Investment Report (*informational*)

<u>Applications for Membership</u>	<u>Start Date</u>	<u>Union</u>	<u>Department</u>
Christopher Duarte	1/11/16	UPSEU	IT
Roshan Lal	10/26/15	466	BOE

- o Linda motioned to approve applications for membership and was seconded, simultaneously, by Mary and Carl
- o All in favor

<u>Requests to Retire/Collect</u>	<u>Years of Svc</u>	<u>Department/Union</u> (<i>informational</i>)
Dennis Bradley	21 yrs	Fire
Anthony Cavallaro	23 yrs	PW/466
Cynthia Dolphin	15 yrs	BOE/466
Kenneth Kruse	13 yrs	Library
John Weitowitz	26 yrs	Fire
Michael Wyskiel***	31 yrs	PW/UPSEU***

***union affiliation corrected from agenda

<u>Refund Requests/Adjustments</u>	<u>Department/Union</u> (<i>informational</i>)
Evan Milone	Police
James Parker (QDRO adjustment)	Police

- Deceased Pensioners (*informational*)
Beverly Newberg (benefits to spouse)

- Adjournment of Meeting
 - o Carl motioned to adjourn and was seconded by Jim
 - o All in favor

Respectfully submitted:

Carl R. Erlacher, Finance Director
Track 1002-1005