

**CITY OF MIDDLETOWN
MINUTES OF THE RETIREMENT BOARD
SPECIAL MEETING
December 11, 2014 at 4:00 pm**

The Special Meeting of the Retirement Board of the City of Middletown was held in room 208 of the Municipal Building on Thursday, December 11, 2014 at 4:00 pm

Board Members Present: Mayor Drew, Jim Reynolds, Chris Bourne, Hope Kasper, Sandra Russo-Driska, Carl Erlacher

Board Members Absent: Steve Gomes, Joe Serra

City Employees/Public/Others Present: Diana Doyle, Chris Augeri (Fire Local 1073), Deborah Kleckowski

- **Meeting was called to order at 4:55 pm**

- Sandra motions to move all action items up on agenda, after public comments, and was seconded by the Mayor
- All in favor

- **No public comments on the agenda**

- **Approval of Minutes from Special Meetings on September 3rd and December 11th**
 - Hope motions that the minutes be approved at the next meeting and was seconded by Sandra
 - All in favor

- **Fund Manager Review**
 - Review of updated Asset Allocation Setting for Pension Plan, two Manager searches for OPEB Trust were conducted
 - Gerry reminds Board that Thornburg and PIMCO have been on watch
 - Discussion, by Gerry, of screening process of Foreign Large Blend Search (outline on page 7 of Investment Manager Search handout); recommends replacements (for Thornburg) to be Lazard and TransAmerica
 - Carl motions to replace Thornburg with 50% Lazard and 50% TransAmerica, as stated by Gerry, and was seconded by Hope
 - All in favor

 - Gerry continues with discussion of Fixed Income Study; notes that PIMCO changes in leadership has led to certain level of uncertainty and (Gerry) doesn't recommend taking the chance (staying with PIMCO)
 - Discussion about ways to replace PIMCO - Core Strategy or Core Plus Strategy (recommended) because includes investment in high yield bonds
 - Discussion, by Gerry, of screening process for Intermediate Bond (outline on page 23 of Investment Manager Search handout); recommends replacements (for PIMCO) to be Baird Core Plus or JP Morgan Core Plus (slight edge)
 - Sandra motions to replace PIMCO with JP Morgan Core Plus and was seconded by Hope
 - All in favor

- **Review of Investments/Portfolio Rebalance**
 - Gerry refers to Asset Allocation Study and Carl indicates that some formal action by Board should take place as it will affect the budget
 - Carl discusses that Gerry recommended the current asset allocation 7.6% rate of return should be dialed down to, more conservative, 7.4% rate of return; states that Hooker & Holcomb (City's Actuary) is currently working on the report reflecting the new (7.4%) rate of return but doesn't believe it will increase the budget contributions for pension; Actuary is going to change CPI Assumption from current 2.8% to 2.5%, because the max is 3%, conversely the mortality tables will be bumped up
 - Carl states that Hooker & Holcomb wants to encompass the increase in mortality into liabilities; these assumptions will not cost City more money; Police & Fire contributions should remain same or possibly decrease
 - Gerry discusses the completed Asset Allocation Study, the 55/45 allocation with a rate of return of 7.4%; no changes to the asset allocation is recommended at this time
 - Sandra motions to accept the updated Asset Allocation Study as presented, with no changes recommended, and was seconded by Hope
 - All in favor

- **Treasurer's Report**
 - Discussion about monthly pension transfer increase; Carl recommends increase from \$900,000 to \$1 million per month
 - Hope motions to increase monthly pension transfer to \$1 million and was seconded by Sandra
 - All in favor

- **Acceptance of 2015 Meeting Schedule**
 - Jim suggests starting (quarterly) meetings earlier
 - Discussion about start time, how it is determined, fairness of those who travel to attend
 - Sandra motions for 9:00 am start time for next calendar year and was seconded by Hope
 - All in favor

For the record, Sandra leaves at 5:40 pm

- **Approval of Robinson & Cole invoice**
 - Discussion about invoices; what charges are relevant to Ordinance Review, Disability Issues; who caused individual items to happen (Board or City Attorney Office)

- **Applications for Membership**
 - Diana questions the pension application of a part-time employee – Joy Collins application for membership to be removed
 - Chris notes that another applicant – Andrew Schwerts is a transfer from the BOE to the City (start date to be changed)

<u>Applications for Membership</u>	<u>Start Date</u>	<u>Union</u>	<u>Department</u>
Matthew Bacon	6/10/14	non-barg	Legal
**Joy Collins	9/22/14	non-barg	Mayor
Teresa Flannigan	5/12/14	466	BOE
Toni Lockhart	6/30/14	466	BOE
Thomas Marano	6/2/14	466	PCD
Vincent Misenti	9/8/14	466	W&S
Benjamin Murphy	7/2/14	Police	Police
Christopher Puorro	9/10/14	466	BOE

(continued)

Justin Richardson	6/2/14	non-barg	Legal/HR
Vincent Ruffino	10/27/14	466	Central Comm
**Andrew Schwerts	10/14/14	466	W&S
Christopher Smedick	8/4/14	non-barg	Legal
James Tatro	9/29/14	466	PW

<u>Requests to Retire</u>	<u>Yrs of Svc</u>	<u>Department</u>
Christine Cyganik	29 years	Health
John Sennik	21 years	Tax Assessor
Dawn Warner	25 years	Legal/Risk
William Warner	25 years	PCD

<u>Pension Refund</u>	<u>Amount</u>	<u>Department</u>
Jacqueline Francis	\$2559.58	BOE
Rochelle Hughes	\$433.42	BOE
Toni Lockhart	\$2677.53	BOE
Patrick Kiley	\$3120.86	Police
Tammy McPherson	\$39,288.59	W&S

Deceased Pensioners

Evelyn Birdsey
Theresa Houston
Nicolo Micciulla (benefits to spouse)
Mildred Uliano (benefits to spouse)
Trina Solecki (benefits to spouse)

• Status of Pension Ordinance Review

- Jim asks Attorney Barth where the Ordinance review stands
- Attorney Barth states that a draft of plan document is in process and has been on hold due to unplanned absence of Attorney Christie; as soon as draft is complete a copy will be forwarded to Finance, Human Resources and Corporation Counsel Office for commentary and then refined by Robinson & Cole and presented to the Board

• Adjournment of Meeting

- Chris motions to adjourn and was seconded by Jim
- All in favor

Respectfully submitted:

Carl R. Erlacher, Finance Director
Tracks MZ 47 - 60