Amended
CITY OF MIDDLETOWN
MINUTES OF THE RETIREMENT BOARD
Regular Meeting
Monday, February 14, 2022 at 9:00 am via WebEx

Board Members Present: Carl Erlacher, Steve Gomes, Sandy Pasculano, Vinny Loffredo, Linda Salafia, John Milardo
Board Members Absent: Mayor Florsheim, Joe Serra
City Employees/Public/Others Present: Diana Doyle, Michael Lepore (GYL), Gerald Goldberg (GYL), Robert Lessard (H&H), Steve Lemanski (H&H), Michael Carta (Public), Kevin Balaod (Journalist from With.Intelligence)

- Meeting Called to Order at approximately 9:20 am
- No Public Comments on the Agenda
- Approval of Minutes
  - November 15, 2021 Regular Meeting
    - Vinny motioned to approve the minutes and was seconded by Linda
    - All in favor
- H&H Actuarial Review
  - Vinny Loffredo requested copies of the H&H Report be emailed to all Council members
  - Steve Lemanski provided an overview of the City’s Pension valuation.
  - As of July 1st, 2021 funded ratio is 107.9%, up from prior year; assets fully cover the benefits. The ADEC contribution for FY 22/23 is $4.21 mm vs $4.30 mm for FY 21/22.
  - Investment returns on a market value were above the 7.00% baseline assumption.
  - The plan experienced a liability loss, mainly due to unfavorable retirement patterns and salary increases that were greater than expected.
  - 60.7% of total plan liability is due to members in pay status.
  - Recommendations for the upcoming valuation: Consider performing an Experience Study to analyze actual plan experience over several years vs. current assumptions.
  - Rob Lessard gave an overview of the OPEB Valuation; the funded ratio for the City Plan is 10.8% as of July 1st vs 8.1% in prior valuation. He also stated that the BOE currently doesn’t have a trust so they don’t need to have an ADEC in place.
  - Under the GASB rules, the city cannot currently use 7% as the discount rate assumption in the GASB 74/75 disclosure. Plans that are projected to not have a sufficient fiduciary net position are required to use a lower, blended single equivalent discount rate.
Diana asked what the ballpark figure should be and stated that $2 mm was proposed for this year.

Rob recommended $13.6 mm for the current fiscal year.

Recommendation made to consider performing an Experience Study to analyze actual plan experience over past several years vs current assumptions.

Steve Gomes motioned to approve these studies as outlined in current report, the second was made by Vinny Loffedo.

• GYL Review
  - Gerry Goldberg opened with a few words on the Capital Market. He discussed the use of their acronym, “BIDEEN”.
    - B – Bonds
    - I – Inflation
    - D – Disney
    - E – Economy
    - E – Employment
    - N – Nuance
  - Michael Lepore reviewed the specifics of the portfolio stating that the performance of the market and economy continue to move in a positive direction
  - The Pension Fund value at the end of the 4th quarter was $555,017,866
  - Michael discussed the change in asset allocation.
  - Steve Gomes motioned to accept the Pension Assets adjustment to replace the Fidelity Large Cap Index with the Vanguard Direct Index and Large Cap Growth Quality; and the second part of the motion to split the Fidelity Extended market index and provide 50% to the Vanguard Direct Small and Mid-Cap Quality Index, second by Vinny.
  - Steve motioned to accept the OPEB Assets adjustment allocating 50% of the balance from the Large Cap, Mid Cap and Small Cap funds to fund Vanguard All Cap Direct Index with a Quality basis, second made by Sandy.
  - Year to date the portfolio returned 3.74% gross and 3.74% net fees for the 4th quarter, in comparison to the custom benchmark which returned 3.98% for the same period.
  - The OBEB Trust value at the end of the 4th quarter was $28,169,760.

• Reports: (informational)
  - Treasurer’s Report
  - Pension Management Fee Report

• Applications for Membership          Start Date          Department/Union
  - Shanna Barillari                  12/6/21            Library/Library
  - Nicole Boucher                    1/19/22           Police/Library
  - Charles Hackett                   1/21/22           Police Officer
  - Cayla Jones                       11/22/21          City/466
  - Gary Middleton                    1/3/22            City/UPSEU
  - Lawrence Noland                   1/10/22           City/466
  - Ran Ranney                        1/11/22           Police/Police
Requests to Retire/Collect/Vest | Yrs of Svc | Age | Department/Union
---|---|---|---
Sebastian Alessi | 29 yrs | 51 | City/466
Christopher Augeri | 25 yrs | 48 | Fire/Fire
Nancy Bailey | 34 yrs | 66 | Library/Library
Joan Marchese-Haake | 29 yrs | 69 | Library/Library
Michael Inglis | 29 yrs | 57 | Police/Police
James Johnson | 20 yrs | 66 | BOE/466
Maria Morello | 24 yrs | 68 | City/466
Rosa Perichi | 33 yrs | 66 | City/466
Susan Morris-Rebstock | 18 yrs | 71 | BOE/466
Joyce Rossi | 24 yrs | 65 | BOE/466
William Russo | 37 yrs | 62 | PW Director/Non-Barg
Kevin White | 34 yrs | 58 | Police/Police
Frederick Woitowitz | 25 yrs | 53 | Fire/Fire
Ronald Baia (refund) | | | City/UPSEU
James Dellacamera (refund) | | | City/466
Randy McKiver (refund) | | | BOE/City

Deceased Pensioners

- Adjournment of Meeting
  - Carl motioned to adjourn, second by Sandy
  - All in favor

Respectfully submitted: Carl Erlacher

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