

CITY OF MIDDLETOWN
MINUTES OF THE RETIREMENT BOARD
Monday, May 18, 2020 at 9:00 am via WebEx

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

Board Members Present: Steve Gomes, Carl Erlacher, John Milardo, Sandy Pasculano, Vinny Loffredo, Linda Salafia

Board Members Absent: Mayor Florsheim, Joe Serra

City Employees/Public/Others Present: Diana Doyle, Gerry Goldberg (GYL), Michael Lepore (GYL)

- Meeting Called to Order at approximately 9:00 am
- No Public Comments on the Agenda
- Approval of Minutes - no motions to approve or reject
 - February 18, 2020 Regular Meeting
 - March 13, 2020 Emergency Meeting
- GYL Review
 - The Pension Fund value at the end of the 1st quarter was \$395,488,765
 - Michael reviewed the performance of the Plan; noted that SLC/Fixed Income was the bright spot of the portfolio performing ahead of benchmark
 - Stated that conservative bent of active strategy provided downside mitigation (during Covid-19 economic crisis); and, Plan held up well versus absolute basis to peers and versus relative basis to benchmark
 - The OPEB Trust value at the end of the 1st quarter was \$14,654,784
 - Michael advised Board that GYL removed Transamerica from watch list
 - Discussion of Risk Assessment Questionnaire with Board; Board will send RAQ to members that have not responded

- GYL recommended a tactical shift in the current asset allocation, maintaining the current ratio of 60/40; proposed an increase to Large Cap and Emerging Equity exposure with a reduction to Small Cap exposure
- Proposed moving away from current passive strategy of Large Cap investment, eliminating the S&P 500; recommended including Active strategy (for value) with Index (for growth); strategy geared towards Core with Value tilt and disciplined dividend strategy
- Recommended Fidelity Large Growth, using Russell 1000 Index; less expensive (lower fees) with greater selection than S&P 500
- Recommended Conning High Dividend Equity (Hartford based); offers conservative, income focused valuation, with heavy emphasis on quality names with sustainable dividend income streams; GYL negotiated preferential pricing for Plan
- \$102mm proposed to be invested in Large Cap; 50/50 split between Fidelity and Conning; investment includes second phase of \$23mm Fixed Income liquidation (approved at March 13, 2020 Emergency Meeting)
 - Vinny motioned to approve recommended Tactical Allocation (remaining at 60/40), as represented in GYL presentation, and was seconded by John
 - All in favor
 - John motioned to approve engagement of Conning into Large Cap Value/Core with combined utilization of Fidelity Index for Large Growth exposure, and was seconded by Linda
 - All in favor
- Michael advised Board that the recommended Allocation is within bounds of current Investment Policy Statement
- Reports: (informational)
 - Treasurer's Report
 - Pension Management Fee Report

- Applications for Membership
No applications for membership

- Requests to Retire/Collect/Vest

	<u>Start Date</u>	<u>Department/Union</u>
Tina Loomis	30 yrs	BOE/466
Henry Nunes	23 yrs	Public Works/466
Charles Vannoy	21 yrs	Central Comm/466

- Deceased Pensioners
Sebastian LaRosa
Helene Raymond

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

Respectfully submitted: Carl Erlacher

DRAFT

