

**LITCHFIELD PENSION COMMISSION
SPECIAL MEETING
TUESDAY, August 8, 2017
MINUTES**

Present: F. Carpentier, M. Dunn, J. Manes, J. Morosani, P. Perusse, D.T. Wilson, and E. Callahan
Also Present: Ellen Kusenski representing Hooker and Holcombe.

The meeting was called to order by Chairman P. Perusse at 5:48 pm.

Presentation by Hooker and Holcombe of Actuarial Pension Valuation Review for Municipal and Merit Plans

E. Kusenski presented the actuarial review performed by Hooker and Holcombe on the Muni and Merit plans as of July 1, 2016. The Muni plan unfunded liability was \$3.61 million as of July 1, 2016 using key assumptions of a 7% investment return, 4% rate of compensation increase, retirement age of 65, and the RP200 Scale AA projection. Given the value of the muni pension assets as of July 1, 2016, the plan's funded ratio was 76.9%. Responding to questions from F. Carpentier, Kucenski noted that the 7% investment return assumption used by the plan is equal to the average return assumption used by 187 CT municipalities. The funded ratio compares favorably to an average funded ratio of 71.4% for all state plans, and is ahead of the 73.5% funded ratio of peer plans-those 32 municipalities with plan assets between \$5 and \$15 million.

The Merit plan's unfunded liability was \$604,000, and the funded ratio was 84.8%. Given investment returns in recent years, there was a discussion on whether the Commission should consider lowering the assumed investment return, and it was agreed to defer any decision until discussion of investment results with the plan's investment advisor at the next meeting.

Kucenski agree to analyze the effect of lowering the assumed investment return, the rate of compensation increase, and the retirement age, and she also informed the Commission that the IRS is likely to update the mortality basis beginning 2018 which might also have an impact on the plans' liabilities.

Approval of Minutes of June 13, 2017: J. Manes made a motion to approve the minutes of June 13; M. Dunn seconded. M. Dunn, J. Manes and P. Perusse voted to approve the minutes. F. Carpentier, J. Morosani, and D.T. Wilson abstained.

Discussion of Investments: J. Morosani circulated and discussed the investment returns for the Muni and Merit Plans and the OPEB plan for the year ending June 30, 2017. The Muni/Merit Plan return after fees was 10.62%, which is .44% lower than the Plan's blended benchmark. The OPEB Plan returned 10.47% after fees for the year. USB will be invited to present at the next meeting to discuss investment returns and to offer an opinion on the average return assumption used by the Plan's actuary.

Benefit Approvals: None. E. Callahan informed the Commission that she had discussions with several people covered by the Merit Plan who had announced their intention to file retirement papers and then planned to rejoin the department where they currently serve with the idea of requalifying for a second pension. Following a discussion it was agreed that this while this was not the intention of the Merit Plan, the language in the Plan was unclear on this issue. M. Dunn made a motion, seconded by D.T. Wilson to seek a legal review of the Merit Plan's employees' ability to be rehired so as to continue to accrue points after they have retired and to draft language to amend the plan so that points cannot be accrued after original retirement. All voted in favor of the motion.

Discussion of Review and Update of Municipal Plan: P. Perusse circulated letters that she sent to two legal firms requesting budget estimates for a review of the Muni and Merit Service Plans and of the Summary Plan Descriptions (SPD) for both plans. Cost estimates were received from the two firms. P. Perusse and E. Callahan will draft an RFP for a review of the Muni and Merit Plans and the Muni and Merit SPDs and circulate to Commission members for their review.

Communications: None

Next Meeting: October 10, 2017

Adjournment: Motion: by M. Dunn, to adjourn at 7:03 pm and J. Manes seconded. All voted in favor.

Respectfully submitted,

John W. Morosani
Secretary