

BOARD OF TRUSTEES  
Division of Public Works Retirement System  
Meeting Minutes  
January 26, 2021

A meeting of the Board of Trustees, Public Works Retirement System was held at 12:30 p.m. on Tuesday, January 26, 2021, via Zoom Video Conference Call.

**Trustees Present:** Frank Anderson, Mayoral Appointee  
David Fredette, Treasurer, Member  
Kevin Moriarty, BPW Commissioner  
Michael O'Brien, Aldermanic Liaison (Assistant Chair)  
Kathie Berube, Employee Member  
Matt Dube, Employee Member  
Daniel Hudson, Employee Member

**Trustees Absent:** None

**Others in Attendance:** Mary Woods, Administrative Assistant  
Eric Stubbs, RBC Wealth Management  
Enrique Jaen, RBC Wealth Management  
Jack Khanna, RBC Wealth Management  
Susan Lovering, City Clerk

Chairman Anderson

As Chairman of the Board of Trustees, I find that due to the State of Emergency declared by the Governor as a result of the COVID-19 pandemic and in accordance with the Governor's Emergency Order #12 pursuant to Executive Order 2020-04, this public body is authorized to meet electronically.

Please note that there is no physical location to observe and listen contemporaneously to this meeting, which was authorized pursuant to the Governor's Emergency Order. However, in accordance with the Emergency Order, I am confirming that we are: Providing public access to the meeting by telephone, with additional access possibilities by video or other electronic means:

*To join by phone dial: **1-929 436-2866** - Meeting ID: 997 5064 9296, Password: 991265. If you experience difficulty connecting to the meeting, please call (603) 589-3140.*

We previously gave notice to the public of the necessary information for accessing the meeting, through public postings. Instructions have also been provided on the City of Nashua's website at [www.nashuanh.gov](http://www.nashuanh.gov) and publicly noticed at City Hall and the Division of Public Works Administration Building at 9 Riverside Drive.

If anybody has a problem accessing the meeting via phone, please call 603-589-3140 and they will help you connect.

In the event the public is unable to access the meeting via the methods mentioned above, the meeting will be adjourned and rescheduled. Please note that all votes that are taken during this meeting shall be done by roll call vote.

Let's start the meeting by taking a roll call attendance. When each member states their presence, please also state whether there is anyone in the room with you during this meeting, which is required under the Right-To-Know Law.

**Roll Call:**

Trustee Anderson

Due to the Governor's Emergency Order for the COVID-19 Pandemic, I am in my office, alone.

Trustee Fredette

Due to the Governor's Emergency Order for the COVID-19 Pandemic, I am in my office at City Hall, alone.

Alderman Moriarty

Due to the Governor's Emergency Order for the COVID-19 Pandemic, I am in my office, alone.

Alderman O'Brien

Due to the Governor's Emergency Order for the COVID-19 Pandemic, I am in my office, alone.

Trustee Berube

Due to the Governor's Emergency Order for the COVID-19 Pandemic, I am in my office, alone.

Trustee Dube

Due to the Governor's Emergency Order for the COVID-19 Pandemic, I am in an office at the Street Dept., alone.

Trustee Hudson

Due to the Governor's Emergency Order for the COVID-19 Pandemic, I am in my office, alone.

Also present:

Administrative Assistant, Mary Woods - Due to the Governor's Emergency Order for the COVID-19 Pandemic, I am in my home alone.

City Clerk, Susan Lovering was in attendance to swear in our new board member, Daniel Hudson. City Clerk, Susan Lovering administered the oath of office and Daniel Hudson accepted his new role as Trustee of the Board of Public Works Pension System. Newly appointed Trustee Daniel Hudson stated that he is also attending this meeting and is alone.

### **Expected Visitors:**

Mr. Eric Stubbs from RBC Wealth Management reviewed the portfolio and recognized what an extraordinary year 2020 was. He references the pandemic as well as an epic recession. By March he noted that the stock market had fallen about 33% as well as the bond market falling about 15%. The fall in the stock market he mentioned was the fastest fall to date but also the fastest recovery by June, 2020. Mr. Stubbs said that the conditions have not dissipated but we still see a climb in the market and there are two components to consider. Our Fiscal year ends in June and some of the decline came in the last quart of the fiscal year. The one -page summary of the handout showed that December 31 (from July – Dec) the portfolio was up 16.74%. On the equity side, it was up a little more than 23.9% in addition, 3.74% for bonds. For a twelve-month year, entire calendar, the basis was up 13.66% as a whole. Mr. Stubbs said that from a twelve-month basis this plan is in good shape from a fiscal year view in very good shape. He thinks that it is useful to look at it on a 3yr basis. 9.4% for the last 3 years. Mr. Stubbs believes that anything can happen in the last two quarters but they are hopeful. The current portfolio is \$49.5 million, and has actually come up over the last month. He stated that they are progressively cutting back on the equity because we were close to the 70% ceiling on Dec. 30. He feels that hopefully by the end of 2021, we can look in the rear view mirror and the economy will go through some sort of a recovery because of the stock market rising in 2020. He feels it may be a weak stock market this year and he would like to peel back the equity.

Trustee Anderson asked if Mr. Stubbs is going into short-term equity or cash investments. Mr. Stubbs responded that Mr. Enrique Jaen just did an analysis of the cash flow out of the pension fund over the last several years and looked at the rate at which it has come out of the fund so that is how he has tailored the bond portfolio. Mr. Jean said that with the exception of 2019, he looked at the cash flow of the plan, which was steady growth (2014-2020). In 2019, it jumped up three million, which he believes was because of the one-time stipend given to retirees. Trustee Fredette questioned that number because he said the stipends cost \$70,000. Trustee Fredette said that he believes it was the transition to the new system where we need to keep money with the Schwab account. He believes it is a quarter of a million a month that is a minimum balance requirement. Mr. Stubbs said that the bottom line is that we do not want to be buying bonds that are out ten year's right now. It is too early to anticipate those payments. Mr. Jaen said that he has not seen the 2020 actuarial report yet but does not believe he has seen the interim report yet. Trustee Anderson said that he would get that report from Schwab. Trustee Anderson thought that we were off to a good start this fiscal year. Trustee Fredette said the actuarial report would be based on June 2020 for the two-year number. Trustee Anderson said that he would try to get Hooker & Holcombe on the agenda for April.

### **Minutes of the Meeting:**

The minutes of the December 22, 2020 meeting were presented for review and acceptance.

**MOTION BY:** Trustee, Frank Anderson moved to accept, place on file, and approve the minutes of the December 22, 2020 meeting.

**SECONDED BY:** Trustee, Kevin Moriarty

**MOTION CARRIED:**

**DISCUSSION:**

A Viva Voice Roll Call was taken, which result as follows:

Yea: Trustee Anderson, Alderman Moriarty, Trustee Fredette, Alderman O'Brien,  
Trustee Berube, Trustee Dube 6

Nay: 0

Abstained: Trustee Hudson 1

**MOTION CARRIED 6-0-1**

**Personnel:**

The return of contributions of Mr. Ryan Pelissier was presented to the Trustees with his final calculation. The board approved the resignation and the return of his contributions with interest.

**MOTION BY:** Trustee, Frank Anderson moved to accept the resignation of Mr. Ryan Pelissier and the return of his contributions.

**SECONDED BY:** Alderman, Kevin Moriarty

**MOTION CARRIED:** Unanimously

**DISCUSSION:**

A Viva Voice Roll Call was taken, which result as follows:

Yea: Trustee Anderson, Alderman Moriarty, Trustee Fredette, Alderman O'Brien,  
Trustee Berube, Trustee Dube, Trustee Hudson 7

Nay: 0

**MOTION CARRIED 7-0-0**

The make-up of contributions of Mr. Colin Sullivan was presented to the Trustees. The board approved the make-up of two weeks of contributions due to FMLA.

**MOTION BY:** Trustee, Frank Anderson moved to accept the make-up of two weeks of contributions of Mr. Colin Sullivan due to FMLA.

**SECONDED BY:** Alderman, Kevin Moriarty

**MOTION CARRIED:** Unanimously

**DISCUSSION:** Trustee Fredette commented that he is allowed to do that. Trustee Hudson mentioned that Mr. Sullivan works for him and that he was on FMLA for two weeks and he is bringing his contributions back up to speed.

A Viva Voice Roll Call was taken, which result as follows:

Yea: Trustee Anderson, Alderman Moriarty, Trustee Fredette, Alderman O'Brien, Trustee Berube, Trustee Dube, Trustee Hudson

7

Nay:

0

**MOTION CARRIED 7-0-0**

**Old Business:**

Trustee Anderson addressed the issue of cost sharing on pension administrative services. There is a letter that he needs to be sent the Mayor. Trustee Anderson explained the issue to Trustee Hudson and let him know that we need to approach the Mayor with this \$40,000/yr. fee in hopes that he will agree to share the cost. Trustee Anderson said it this will be brought up next month under "Old Business".

Trustee Anderson addressed the item, "Update of Pension Ordinance to ensure that it conforms to IRS Regulations". Last month we voted to hire Attorney John Rich of McLean Middleton in Manchester who is a pension attorney to review our plan. We have agreed to have Attorney Rich bring our plan up to date. Trustee Anderson believes the vote was to approve a payment up to approximately \$20,000 to bring that Ordinance up to date. Trustee Fredette said that he passed that up to Attorney Rich as well as CFO, John Griffin to see if there were any additional funds that could pay for this. CFO, John Griffin has not gotten back to Trustee Fredette but he will follow up with him. Trustee Fredette does not believe that Attorney Rich has started work on this yet. He believes he will have to go through the Ordinance section by section. Trustee Anderson believes that this will be a 6/7-month process when you get the IRS involved. He understands other municipalities have had to deal with this and hopefully the City can help this fund with the \$20,000 fee.

Trustee Anderson mentioned the item of adding the simple interest of 4% be applied to pension contributions that employees make into the plan upon their departure. Trustee Fredette has looked into the plan and we do not have the numbers yet but it is a simple interest. Trustee Anderson believes that 4% is fair and that maybe he and Trustee Fredette can talk about this off line and prepare a more complete presentation for next month under "Old Business".

Trustee Anderson addressed the item on the "Contract review for pension administrative services". He explained to Trustee Hudson that the plan had to hire a third party (Hooker & Holcombe) to handle pension payroll processing and calculating of potential benefits to retirees. It seems like we are being assessed a fee if there is over nine transactions of employees asking for benefit analysis. Trustee Anderson asked the trustees if that is worth a call into Hooker & Holcombe to ask if they can come onto a call with us. Trustee Fredette said that yes, he believes we should make that call and that he believes they are willing to discuss that \$500 fee for any transaction over nine that is currently in the contract. Trustee Anderson asked if we had a full actuarial report from them. Trustee Fredette thought that we had and he will email everyone. Trustee Anderson wanted Trustee Fredette to arrange a call for our next meeting.

Trustee O'Brien wanted to mention that the Mayor would start composing a budget that we should address our first two items as soon as possible. Trustee Anderson said

that he would promise a draft letter to be sent by next week for Trustee Fredette to review. Trustee O'Brien also wanted to ask Trustee Fredette when we really needed to look at the budget and Trustee Fredette said right now. Trustee Anderson said our job is to do everything we can to reduce costs to ensure the viability of the plan long term and this is worth pursuing.

**New Business:**

Approval of the current disbursement of funds for the period of December 1, 2020 thru December 31, 2020 in the amount of \$255,706.27 was presented to the Board. The Trustees reviewed the detail.

**MOTION BY:** Trustee, Frank Anderson moved to approve the current disbursement of funds for the period of December 1, 2020 thru December 31, 2020 in the amount of \$255,706.27.

**SECONDED BY:** Trustee, Kevin Moriarty

**MOTION CARRIED:** Unanimously

**DISCUSSION:**

A Viva Voice Roll Call was taken, which result as follows:

Yea: Trustee Anderson, Alderman Moriarty, Trustee Fredette, Alderman O'Brien, Trustee Berube, Trustee Dube, Trustee Hudson

7

Nay:

0

**MOTION CARRIED 7-0-0**

Trustee Anderson wanted to bring up the recent retiree's concern. Basically, an individual who retired in May of last year received his retirement benefits and subsequent to his retirement, a Union Contract was finalized and agreed to in the Dept. that he worked in and his position is that since the contract calls for retroactive raises, his benefit should also increase retroactively. Trustee Anderson asked if this was Trustee Fredette' understanding and Trustee Fredette said that yes that is his understanding of the employee's belief. Trustee Anderson wanted to know if this has happened before and Trustee Fredette said that yes, over the years there has been many ASME Contracts that have expired for a year or two then negotiated and the employees that have retired have not had their pensions adjusted. This contract expiration was a little longer than that and has been about 3-4 years since the contract expired. Trustee Fredette said that there is nothing in either the contract or the ordinance that says the board needs to do this and has asked the City Attorney, Mr. Bolton who has also agreed that it does not need to be done. Trustee Fredette said that the retired employee, Mr. Morse contacted him before Christmas, spoken to him twice, and he has spoken to Trustee Berube. Trustee Fredette promised him that he would put it on the agenda this month to be addressed. He noted that he has sent him an email (also by US Mail) telling him that it would be addressed. Mr. Morse also sent another email to Trustee Berube, which was forwarded to the Board. Trustee Anderson wanted to understand Mr. Morse's email dated January 25<sup>th</sup> in which he said focused more on the information that is available to employees and whether the ordinance covers this. Trustee Fredette said that Mr. Morse believes that the phrase that is in the booklets (that were given to members over the years) states:

“Under this plan, when an employee becomes a member of the plan the employee knows precisely what benefits he or she will be entitled to at the time of retirement, or in the case of disability or death, what benefits his or her beneficiaries will receive. However, the Board of Trustees, with the concurrence of the Board of Alderman, cannot only make improvements in future benefits but, can retroactively improve past service benefits for active employees as well as retired member.”

Trustee Fredette said that he tried to explain to Mr. Morse that over the years, the Trustees have increased the retiree's pensions permanently and have given one-time stipends and that is what that statement means. Trustee Fredette said that he does not agree with Mr. Morse nor does Attorney Bolton. Trustee Anderson said that he understands his point. Trustee Fredette said that over the years the handbook has been updated and does say, “Rules and regulations will prevail”. Trustee Anderson asked if the ordinance was just “silent” on this issue. Trustee Fredette said that he does not believe there is anything in ordinance that address's it. He mentioned that the Ordinance was written prior to 1947 and that there have been amendments to it but this topic was never addressed. Trustee Anderson asked if this inquiry has come up before from a retiree and Trustee Fredette said yes it has. Trustee Fredette said that any employee (even retired) during the expired contract will be eligible for a retroactive payment for any regular or OT hours worked. Mr. Morse will receive a check for hours worked during that expired contract until his retirement. Trustee Fredette commented that they have never taken pension contributions out of this retroactive check. Trustee Anderson asked if there were any comments or thoughts from the Board. Trustee O'Brien mentioned that in comparison to the State Pension System, with any buy-out program, the pension system does take money out of the payment. The fact that Mr. Morse is asking for an increase in benefits with no repayment into the pension system seems like it does not wash. Trustee Anderson agrees with Trustee O'Brien.

Trustee Fredette mentioned that Mr. Morse has been calling Trustee Berube and he wanted to know if she has anything to add. Trustee Berube said that yes, she has spoken to Mr. Morse and he asked her to be his spokesperson. Trustee Berube's view is that if you have not been contributing to the system how can you expect your pension disbursements to be greater. Trustee Dube wanted to mention that all the years that the contract has been expired they have been taking retirement benefits out of our paychecks. When this passes, everyone employed today will have this increase deducted. Trustee Fredette said yes, pension contributions for current employees would be deducted out of their retro check. Trustee Dube said that if Mr. Morse says that the City can deduct benefits out of his retro payment then he does have a point and Trustee Dube understands. Trustee Fredette said that the Ordinance says that you do not take benefit payments from a retired employee's payment. Trustee Dube said that at the time, Mr. Morse was still an active employee. Trustee Fredette said that yes he understands that but Mr. Morse is not employed now so they would not be able to take benefits out of his current benefit payment. Trustee Fredette said that he could turn this over to Attorney Bolton to look at. Trustee Dube believes that since Mr. Morse agreed to become a member of the pension system when he started with the City and he was a member during the time of contract negotiations he does not see why he would not be entitled to this increase in benefit. Trustee Dube also said that he has re-read the ordinance and nothing defines that you cannot do that “ever”. Trustee O'Brien wanted to interject that in looking at this particular case, this person has no capable means, at this new rate of pay to apply the new rate to a contribution to the pension system. Trustee Dube said that Mr. Morse was actively employed though over the three years of contract negotiation. Trustee O'Brien said, yes, he will receive his retro payment that is owed to him and if he stayed after the contract was

negotiated that would be a different story. He is not making any payments into the pension system. Trustee Dube said that none of us are. Trustee Fredette said yes, but all the current members will when they get their retro checks. Trustee Dube said what if he came to you and asked you to take it out and re-calculate it. He understands that it has never been done but the question is, could it be done. Trustee Anderson said that it is a good question but he thinks that to come to a resolution for this meeting we will need more formal guidance from Attorney Bolton. Trustee Anderson asked how difficult would it be to recalculate Mr. Morse's retirement and see what his new benefit would be if this was allowed. Trustee Fredette said that it would take Payroll months to get these payments out but they can re-calculate his new payment. Trustee Anderson said that he thinks we should approach Attorney Bolton and say we are going to need a more formal look at this. Trustee Anderson asked if we are now going to have to go back to all the employees that have retired over the last three years. Trustee Fredette said that it would be FY18, 19 & 20 and that many people have retired. Trustee Dube asked where Attorney Bolton stands on this issue. Trustee Fredette said that the ordinance states that you take a deduction from a "current" employee not a retired employee. Trustee Anderson wants to know ultimately whose responsibility it is to decide this. Trustee Anderson said that if it's the Board of Trustees, which he hopes is not the case, he hopes that it is directed by the City Attorney to say whether it should be changed. He thinks we need something legal to back us up. Trustee Fredette said the Mr. Morse would not get his retroactive check for at least 3-4 months. Trustee Fredette thinks that Mr. Morse will probably call Trustee Berube to follow up on his concern. Trustee Anderson said that hopefully Mr. Morse will understand that we are taking this seriously and we want to get the correct answer.

**MOTION BY:** Trustee, Frank Anderson moved to adjourn at 1:33PM

**SECONDED BY:** Trustee, Kevin Moriarty

**MOTION CARRIED:** Unanimously

**DISCUSSION:**

A Viva Voice Roll Call was taken, which result as follows:

Yea: Trustee Anderson, Alderman Moriarty, Trustee Fredette, Alderman O'Brien,  
Trustee Berube, Trustee Dube, Trustee Hudson

7

Nay:

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**MOTION CARRIED 7-0-0**

**Period for Public Comment:**

None

**Items by the Trustees:**

None

Next meeting will be Tuesday, March 2, 2021 at 12:30p.m.

**MOTION TO ADJOURN:** Trustee, Frank Anderson moved to adjourn at 1:33p.m.  
**SECONDED BY:** Trustee, Kevin Moriarty

A Viva Voice Roll Call was taken, which result as follows:

Yea: Trustee Anderson, Alderman Moriarty, Trustee Fredette, Alderman O'Brien,  
Trustee Berube, Trustee Dube, Trustee Hudson

7

Nay:

0

**MOTION CARRIED 7-0-0**

*Minutes Transcribed by: Mary Woods*