

BOARD OF TRUSTEES
Division of Public Works Retirement System
Meeting Minutes
February 26, 2019

A meeting of the Board of Trustees, Public Works Retirement System was held at 11:35 a.m. on Tuesday, February 26, 2019, in the Large Conference Room located at 9 Riverside Street. Mayoral Appointee, Frank Anderson presided.

Trustees Present: Frank Anderson, Mayoral Appointee
Kathie Berube, Employee Member
Frank Teas, BPW Commissioner

Trustees Absent: Ben Bausha, Employee Member
Michael O'Brien, Aldermanic Liaison

Others in Attendance: David Fredette, City Treasurer
Derek Danielson, Asst. City Treasurer
Mary Woods, Admin. Assistant
Steve Lemanski, Hooker & Holcombe

Expected Visitors:

Mr. Steve Lemanski, Vice President at Hooker & Holcombe reviewed the July 1, 2018 Actuarial Valuation with the Board. Beginning on page three he showed the funding status of the plan. He stated that since last time things are better. Our funded ratio is a little better. Mr. Lemanski looked at the investment return & calculation of actuarial value of assets. He spoke about the smooth return which balanced out with the amortization. Trustee Anderson asked about the expected contribution and what would be the trigger if we needed to increase it. Mr. Lemanski replied that if we were at the point where it was taking more than 30 years to amortize it, they should step back and reevaluate it. Mr. Lemanski said that they monitor it every two years.

Mr. Lemanski explained the market value and actuarial value of assets as well as reviewing the assumptions. He stated that the only thing that has changed is the "mortality scale." He said that currently expectations of the life expectancies have shortened a little bit which reduced our liabilities a little. Trustee Teas asked if we had a goal to what our funded capacity is. Mr. Lemanski said yes, its assets vs liability. Trustee Teas wanted to know "at what point would they say we have a problem". Mr. Lemanski said that we are not near that point. There is no cause for concern. Trustee Anderson mentioned that the trustees have informally talked about if we did get to 80% funded or below it would be a red flag that we should boost the contributions. Mr.

Lemanski said that it would be his recommendation to look at it more towards the amortization period because you have a fixed rate.

Mr. Lemanski looked at the Valuation Details on page eight of the handout. Mr. Fredette asked why it doesn't show what the contribution from the City would be. Mr. Lemanski said that it does show the amount under the "Expected Employer Contribution". Trustee Teas asked if we would ever be in a position to overfund the system to offset future liabilities. Mr. Fredette asked if he was referring to what the City contributes and Trustee Teas said yes, within the operating budget. Mr. Fredette said that any excess money goes to the General Fund which helps with the City's tax rate. Mr. Fredette said anything like that would have to go to the Board of Alderman.

Trustee Teas asked if there is a tipping point that we have so many people paying in and so many people dropping out that it effects are funded ratio. Mr. Lemanski responded that the important thing is to monitor trends and we are nowhere near that zone. Trustee Teas also asked Trustee Anderson if we had a funded goal/minimum or amortization goal/minimum to set off that red flag. Trustee Anderson said the board has only talked in general terms about it but never formalized it. Trustee Teas asked that instead of educating new board members all the time, maybe we could have a matrix of our goals it would be helpful. Mr. Fredette said that maybe we could come up with a policy based on best practice.

Mr. Lemanski discussed the recommendation for 2020 valuation. Trustee Anderson asked if there was something as a board we could be thinking about in changing benefits to strengthen the plan. Mr. Lemanski said the biggest thing they have been seeing on benefit side is that automatic COLA's are very expensive which we don't have. He stated that most of the factors they typically see, the City doesn't have to worry about. Mr. Lemanski mentioned an early retirement reduction which for the City is pretty insignificant. He said that he doesn't think the early retirement is a liability concern but what we are referring to is anti-selection. He said it is hard to predict. He said that this system is very healthy and there aren't any red flags but we do want to monitor it to make sure it stays on track.

Minutes of the Meeting:

The minutes of the January 8, 2019 meeting were presented for review and acceptance. Motion to hold minutes until next month since there is not a quorum of Board Members present today that were present at the January 8, 2019 meeting.

MOTION BY: Trustee, Anderson moved to hold the minutes of the January 8, 2019 until next month.

SECONDED BY: Trustee, Frank Teas

MOTION CARRIED:

DISCUSSION:

Personnel:

None

Old Business:

Trustee Anderson said that Postage will be included in the Hooker & Holcombe consulting website that we are providing to the employees.

Summary of Revisions made to NRO Chapter 45 Article IV – Board of Public Works Retirement System.

MOTION BY: Trustee, Frank Anderson moved to approve the summary of revisions made to NRO Chapter 45 Article IV – Board of Public Works Retirement System which the retirees will be seeing on July 1, 2019 and incorporates the online access to benefits.

SECONDED BY: Trustee, Frank Teas

MOTION CARRIED: Unanimously

DISCUSSION: Mr. Danielson gave an update on the posting of revisions that are being proposed and was contacted by eight employees for clarification. A few wanted him to put in the minutes that COLA's have not been brought up over the years to which Trustee Anderson said that they have been brought up every year and that a COLA was just received in December. Mr. Danielson said they we would let them know of any updates and would mail letters to them about the July 1st start date. Trustee Anderson asked if this included the direct deposit change and Mr. Danielson said that Payroll had sent out a second notification. Mr. Danielson said that anyone who has multiple direct deposits or direct deposit live would have to have one bank account. The biggest change being the weekly benefit being changed to monthly benefit.

Mr. Fredette asked if there had been any response to the posting in each department on the changes that would be made. Trustee Berube said no, the only question was asking who would take Trustee Bausha's place since he has retired.

New Business:

Approval of the current disbursement of funds for the period of December 1, 2018 thru December 31, 2018 in the amount of \$213,711.49 was presented to the Board. The Trustees reviewed the detail.

MOTION BY: Trustee, Frank Teas moved to approve the current disbursement of funds for the period of December 1, 2018 thru December 31, 2018 in the amount of \$213,711.49

SECONDED BY: Trustee, Kathie Berube

MOTION CARRIED: Unanimously

DISCUSSION:

Approval of the current disbursement of funds for the period of January 1, 2019 thru January 31, 2019 in the amount of \$330,894.32 was presented to the Board. The Trustees reviewed the detail.

MOTION BY: Trustee, Frank Teas moved to approve the current disbursement of funds for the period of January 1, 2019 thru January 31, 2019 in the amount of \$330,894.32

SECONDED BY: Trustee, Frank Anderson

MOTION CARRIED: Unanimously

DISCUSSION: Trustee Teas asked why we have to approve the disbursement of funds since they have already been paid. Mr. Fredette said that it is required by the City Auditors as part of the RSA's and part of State law.

Period for Public Comment:

None

Items by the Trustees:

None

Next meeting is set for March 26, 2019.

MOTION TO ADJOURN: Trustee, Frank Anderson moved to adjourn at 12:45pm.

SECONDED BY: Trustee, Kathie Berube

MOTION CARRIED: Unanimously

Minutes Transcribed by: Mary Woods