

BOARD OF TRUSTEES
Division of Public Works Retirement System
Meeting Minutes
March 30, 2021

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

Trustees Present: Frank Anderson, Mayoral Appointee
David Fredette, Treasurer, Member
Kevin Moriarty, BPW Commissioner
Kathie Berube, Employee Member
Matt Dube, Employee Member
Daniel Hudson, Employee Member

Trustees Absent: Michael O'Brien, Aldermanic Liaison (Assistant Chair)

Others in Attendance: Mary Woods, Administrative Assistant

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: 938 4885 0630, Password: 946919. 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 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.

Trustee Hudson

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, at the Street Dept. with Trustee Dube.

Trustee Dube

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

Also present:

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

Expected Visitors:

Mr. Steve Lemanski, Vice President, Hooker & Holcombe, reviewed and presented the July 1, 2020 Actuarial Valuation. He went over some assumptions of the preliminary plan. He had some talking points which included the "Purpose of the Valuation", "Summary of Results", "Assumption Review/Proposed Changes", "Investment Return Assumption/H&H Survey", "Asset Information", "Valuation Details and looking ahead".

The "Summary of Results" included the funded ratio which is 87.47% (baseline) vs. 86.56% in prior valuation. Mr. Lemanski spoke about the expected contribution (9.15% of pay) which is equivalent to a 17-year amortization of the unfunded liabilities, vs. the 19-year period in 2018. The investment return of 5.8% on a market value basis (compounded average over the past 2 years) is below the 7.0% assumption. Smoothed (actuarial) return averaged 6.1%. Liability gains, due to combined impact of actual salary increases and retirement/turnover patterns. The proposed assumption changes for mortality table/projection scale and inflation/salary scale – equivalent amortization period increases from 17 years to 27 years.

Mr. Lemanski went over the Assumption Review/Proposed changes. Trustee Fredette asked if some groups slowly reduce the 7% over the years so that it doesn't have an affect all at once. Mr. Lemanski said yes, they do have clients who reduce that over about five years and some who reduce it over cycles. He mentioned that the average assumption is higher for larger plans. He continued with the "Investment Return Assumption Survey, Market Value and Actuarial Value of Assets and Valuation details".

Trustee Anderson asked about the changes that were represented and that we consider the Mortality Projection Scale and if this is something we "have to do", "should do" or don't have to consider doing? Mr. Lemanski replied and suggested doing "preventative maintenance" on the plan. Trustee Anderson mentioned that we have a strong, healthy plan and asked what we can do to offset some changes that are happening. Mr. Lemanski said there is sensitivity around these items and some of the liability has gone up and the contributions have stayed the same. He said that the fund is strong but the recommended changes are for "best practice" and they do recommend them. Trustee Anderson also wanted to focus on the contributions. He said that since he has been on the board (15 plus years) the rate has been 9.15%. Trustee Anderson asked if the two contribution rates (City and Employee) be different. Mr. Lemanski said yes but he believed there was something in our Ordinance that said otherwise. Trustee Fredette said that yes, the terms are part of the Ordinance. Trustee Anderson asked that "at what funded ratio 80%, 75%, 70% should we make the board approach the City" and tell them that they need to pitch in a certain amount of the plan so that we are not in trouble. Mr. Lemanski said a marker would be that the rate is not expected to amortize. He stated the fact that we are in the 15-30yr range and said best practice is ideally to be in the 15-20yr range. He recommends that it is monitored. Trustee Anderson said what we are struggling with the annual fee of \$40K to Hooker & Holcombe for services which is an extra expense that we have had to incur that we didn't think the fund would have to pay for. Trustee Anderson wants to approach the City and say that we want to consider actions to keep the plan as healthy as possible and we want them to help defray some of these costs and would like to do that without increasing the employee contributions.

Trustee Fredette asked Mr. Lemanski if the percent is 9% at the of June, 2021, does it change the funded ratio? Mr. Lemanski said that it is the "GASB Financial Report" that doesn't have anything to do with the funding of the plan. Mr. Lemanski said that the recommendations for 2022 are continuing to monitor the 7% based on emerging capital market assumptions and long term inflation expectations. Mr. Lemanski recommended also to consider the performing experience study prior to 2022 valuation (most recent study reviewed plan experience through FYE 2014). Trustee Anderson asked about the Mortality Scale Timetable? Mr. Lemanski said it would be at our

leisure to vote on it. He said that since they have not published this report, the board would need to choose an option and it would affect this report.

Trustee Anderson said the board also had some questions on the fee issues with the nine employee calculations per year. Mr. Lemanski said that he is aware of the fee and the contract and at the time it was the baseline but the plan experience shows the City is at 12 or 13 employees receiving calculations. He said they can increase that threshold if we are more comfortable with 12 which would probably be an extra \$1,000-\$1,500. Trustee Anderson said they will take that issue up as a board and then reach out to Mr. Lemanski and his staff.

Trustee Anderson said that we should take this up at our next meeting and decide our plan.

Minutes of the Meeting:

The minutes of the March 2, 2021 meeting were presented for review and acceptance.

MOTION BY: Trustee, Frank Anderson moved to accept, place on file, and approve the minutes of the March 2, 2021 meeting.

SECONDED BY: Trustee Fredette

MOTION CARRIED:

DISCUSSION:

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

Yea: Trustee Anderson, Alderman Moriarty, Trustee Fredette, Trustee Berube, Trustee Dube	5
Nay:	0
Abstained: Trustee Hudson	1

MOTION CARRIED 5-0-1

Personnel:

The return of contributions of Mr. Eric Christensen was presented to the Trustees. The board approved the return of contributions of Mr. Eric Christensen.

MOTION BY: Trustee, Frank Anderson moved to accept the return of contributions of Mr. Eric Christensen.

SECONDED BY: Trustee, David Fredette

MOTION CARRIED: Unanimously

DISCUSSION:

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

Yea: Trustee Anderson, Alderman Moriarty, Trustee Fredette, Trustee Hudson, Trustee Berube, Trustee Dube	6
Nay:	0

MOTION CARRIED 6-0-0

The return of contributions of Mr. Carl Soares were presented to the Trustees. The board approved the return of contributions of Mr. Carl Soares.

MOTION BY: Trustee, Frank Anderson moved to accept the return of contributions of Mr. Carl Soares.

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, Trustee Hudson,
Trustee Berube, Trustee Dube 6

Nay: 0

MOTION CARRIED 6-0-0

The approval of the Death Benefit of Ms. Cynthia Beaulieu was presented to the Trustees with Mr. Mark Beaulieu being the beneficiary.

MOTION BY: Trustee, Frank Anderson moved to approve the Death Benefit of Ms. Cynthia Beaulieu to Mr. Mark Beaulieu.

SECONDED BY: Trustee, Kathie Berube

MOTION CARRIED: Unanimously

DISCUSSION:

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

Yea: Trustee Anderson, Alderman Moriarty, Trustee Fredette, Trustee Hudson,
Trustee Berube, Trustee Dube 6

Nay: 0

MOTION CARRIED 6-0-0

Old Business:

Trustee Anderson would like to skip over "Old Business" today (in the interest of time) but would like to have put on the agenda for next month (under New Business) the voting on the suggested changes by Hooker & Holcombe.

Trustee Fredette mentioned the letter from the Legal Department regarding Mr. Morse's (retiree) request. Trustee Anderson asked how the information will be communicated to the retiree and Trustee Fredette said that he believes a copy of the

letter should be sent referring to the 1999 request. Trustee Fredette said that there is a letter from 1999 with the exact same issue which was brought up to the City that in fact we do not have a legal obligation to include collective bargaining salary increases to increase a retiree's payment. Trustee Hudson asked Trustee Anderson if we needed to take a vote as a board to reject his request. Trustee Anderson said yes, since Mr. Morse has asked us, as a board, to adjust his retirement benefits based upon the salary increase that he has retroactively received.

Motion to deny the request of retiree, Mr. William Morse, of a collective bargaining retroactive pay increase based upon the advice of legal counsel which is what the Ordinance reads and to communicate this via a letter to the retiree.

MOTION BY: Trustee, Frank Anderson moved to accept the Motion to deny the request of retiree, Mr. William Morse, of a collective bargaining retroactive pay increase based upon the advice of legal counsel which is what the Ordinance reads and to communicate this via a letter to the retiree.

SECONDED BY: Trustee Fredette

MOTION CARRIED: Unanimously

DISCUSSION:

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

Yea: Trustee Anderson, Trustee Fredette, Trustee Hudson, Trustee Berube 4

Nay: Trustee Dube 1

No vote from Alderman Moriarty due to having to leave the meeting.

MOTION CARRIED 4-0-1

New Business:

Approval of the current disbursement of funds for the period of February 1, 2021 thru February 28, 2021 in the amount of \$293,678.66 was presented to the Board. The Trustees reviewed the detail.

MOTION BY: Trustee Anderson moved to approve the current disbursement of funds for the period of February 1, 2021 thru February 28, 2021 in the amount of \$293,678.66.

SECONDED BY: Trustee Fredette

MOTION CARRIED: Unanimously

DISCUSSION:

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

Yea: Trustee Anderson, Alderman Moriarty, Trustee Fredette, Trustee Hudson, Trustee Berube, Trustee Dube 6

Nay: 0

MOTION CARRIED 6-0-0

Period for Public Comment:

None

Items by the Trustees:

None

Next meeting will be Tuesday, April 27, 2021 at 12:30p.m.

MOTION TO ADJOURN: Trustee, Frank Anderson moved to adjourn at 1:35p.m.
SECONDED BY: Trustee Berube

Minutes Transcribed by: Mary Woods