

STATE EMPLOYEES
RETIREMENT COMMISSION



MUNICIPAL EMPLOYEES
RETIREMENT COMMISSION



STATE OF CONNECTICUT
RETIREMENT SERVICES DIVISION
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STATE OF CONNECTICUT MUNICIPAL EMPLOYEES RETIREMENT COMMISSION

The inaugural meeting of the Municipal Employees Retirement Commission (the “Commission”) was held on January 16, 2025. The meeting was held electronically via Zoom. The meeting convened at 1:00 p.m., and the following members of the Commission were present:

- Brian Vahey, Chairman
- Jeffrey Arn, Trustee
- Michelle Boyles, Trustee
- Carl Chisem, Trustee
- Tara Downes, Deputy Comptroller, Ex Officio Member
- Michael Freda, Trustee
- David Glidden, Trustee
- Kurt Miller, Trustee
- Troy Raccuia, Trustee
- Sarah Sanders, Deputy Treasurer, Ex Officio Member
- Stephen Stephanou, Trustee
- Jeffrey Tomchick, Trustee
- Ted Wright, Chief Investment Officer, Office of the Treasurer, Ex Officio Member

Also present were:

- Kathryn Balut, Retirement Services Division
- Cindy Cieslak, Rose Kallor
- Rick Funston, Funston Advisory Services LLC
- John Garrett, Cavanaugh MacDonald
- Robert Helfand, Assistant Director, Retirement Services Division
- John Herrington, Director, Retirement Services Division
- Megan Piwonski, Retirement Services Division
- Donald Wilkerson, Assistant Director, Retirement Services Division
- Ed Koebel, Cavanaugh MacDonald
- Yamuna Menon, Assistant Comptroller and General Counsel
- Michael Rose, General Counsel to the Commission, Rose Kallor
- Ben Sedrowski, Retirement Services Division
- Nicholas Zuiker, Funston Advisory Services LLC

Call to Order

Robert Helfand called the meeting to order. Mr. Helfand identified those in attendance.

Comptroller's Welcome

John Herrington welcomed the Trustees to the Municipal Employees Retirement Commission.

Appointments/Swearing In

John Herrington administered the oath of office to the Trustees.

Division Director's Report

John Herrington provided the Division Director's Report. He reported the number of regular and disability retirements from the Connecticut Municipal Employees Retirement System (CMERS) for January 2025. He noted an increase in the rate of new retirements, he stated that the increase is probably due to members' concerns about recent rule changes to the Connecticut, and he identified the relevant changes. Mr. Herrington introduced the Trustees to the organization and staffing of the Retirement Services Division's CMERS Unit. He explained the administrative and late reporting fees that participating municipalities are required to pay

CMERS Investments Overview

Ted Wright provided a presentation describing the current state of investments of the Municipal Employees Retirement Fund (MERF) and identifying significant changes that have been implemented over the past three years. Mr. Wright explained that MERF's assets are part of a larger pool of assets in the Connecticut Retirement Plans and Trust Funds (RPTF), and he discussed the management, oversight, and recent performance of the RPTF.

Mr. Wright explained that RPTF's assets appreciated by approximately 11.5% in the last fiscal year, exceeding actuarial assumptions.

Actuarial Overview

Ed Koebel, John Garrett, Larry Longer, and Darby Carraway described the work Cavanaugh MacDonald performs for CMERS. They explained that the total amount of funds contributed to the plan and the income those funds generate must equal the plan's future benefit obligations and expenses. By estimating the amount of future investment performance, benefit obligations, and future expenses, the actuaries determine how much participating municipalities must contribute to CMERS each year.

The funded ratio of CMERS is currently lower than expected, although it still represents an improvement over the preceding year. The actuaries attributed this result to the recent increase in retirements, as well as to a lag in valuation. They also identified an assumption problem that arises from CMERS's 5-year vesting option and the possibility of retirement at age 55.

Mr. Garrett also described a possible cash balance plan that is the subject of discussions about possible future additions to CMERS.

The actuaries also explained the plan structure of the Policemen and Firemen Survivors' Benefit Fund (PFSBF), which provides benefits to surviving spouses and children of certain police officers and firefighters. Nine municipalities participate in the plan, which covers almost 1,200 employees and currently pays benefits to 112 recipients. No additional municipalities have joined the plan since 1994. PFSBF has a funded ratio of 88%.

The actuaries' report on CMERS had previously been accepted by the State Employees Retirement Commission. Mr. Freda moved, seconded by Mr. Tomchick, to accept the actuaries' report on PFSBF. There being no further discussion, Mr. Herrington called for a vote. The Commission voted unanimously in favor of accepting the report.

Retirement Approvals

1. Mr. Arn moved, seconded by Mr. Chisem, to approve the Connecticut Municipal Employees Retirement System service retirements for December 2024. After Mr. Herrington explained that the retirement process is audited annually by the Auditors of Public Accounts, there was no further discussion, and Mr. Herrington called for a vote. The Commission voted unanimously in favor of the Connecticut Municipal Employees Retirement System service retirements for December 2024.
2. Mr. Arn moved, seconded by Mr. Freda, to approve a Connecticut Municipal Employees Retirement System service retirement retroactively. After Mr. Herrington explained that special circumstances sometimes delay the approval of retirements, and that, in this case, a municipal personnel officer was on leave when the retirement paperwork had been submitted, there was no further discussion, and Mr. Herrington called for a vote. The Commission voted unanimously in favor of the Connecticut Municipal Employees Retirement System service retirement.
3. Mr. Vahey moved, seconded by Mr. Freda, to approve the Connecticut Municipal Employees Retirement System disability retirements for December 2024. After Mr. Herrington explained that the amount of each retiree's benefit had not been provided because the amount of disability retirement benefits is variable, there was no further discussion, and Mr. Herrington called for a vote. The Commission voted unanimously in favor of the Connecticut Municipal Employees Retirement System disability retirements for December 2024.

Litchfield Housing Authority

The Commission addressed the application of the Litchfield Housing Authority to accept Part II of Chapter 113 of the Connecticut General Statutes and participate in CMERS as of January 1, 2025. Mr. Helfand explained possible interpretations of the relevant statutes with respect to the questions of whether a housing authority's board of commissioners is qualified to make such an application and whether an application may be approved retroactively. He also explained how the State Employees Retirement Commission had previously addressed those issues.

Following that explanation, Mr. Vahey moved, seconded by Mr. Arn, that the application be approved as of January 1, 2025. There was no further discussion, and Mr. Herrington called for a vote. The Commission voted unanimously in favor of accepting the application of the Litchfield Housing Authority to participate in CMERS, effective as of January 1, 2025.

Executive Session – Discussion and Possible Action

1. SERC v. Town of Ellington – pending litigation
2. Overview of CMERS pending legal matters – written legal opinion
3. CMERS Policy Review

Mr. Vahey moved, seconded by Mr. Tomchick, to suspend the regular meeting and go into executive session for the purpose of discussing Items 1-3. Cindy Cieslak, Rick Funston, Robert Helfand, John Herrington, Megan Piwonski, Donald Wilkerson, Ed Koebel, Yamuna Menon, Michael Rose, Ben Sedrowski, and Nicholas Zuiker were invited by the Commission to stay for executive session on Items 1-3 because they might give opinions or factual background with respect to the topics at issue. Mr. Herrington asked if there was any discussion. There being no discussion, he called for a vote. The Commission voted unanimously in favor of entering executive session to discuss Items 1-3.

At the conclusion of the discussion, Mr. Vahey moved, seconded by Mr. Arn, to leave executive session. Mr. Herrington asked if there was any discussion. There being no discussion, he called for a vote. The Commission voted unanimously in favor of leaving executive session.

Sarah Sanders left the meeting during the Executive Session.

Public Session

Mr. Arn moved, seconded by Mr. Vahey, to retain the law firm of Rose Kallor to represent the Commission in the pending lawsuit brought by the State Employees Retirement Commission against the Town of Ellington, and to authorize Rose Kallor to move to substitute the Commission as plaintiff in that action. The Commission voted unanimously in favor of the motion.

Adjournment

With no further business before the Commission, Mr. Chisem moved, seconded by Mr. Vahey, to adjourn the meeting. The Commission voted unanimously to adjourn.

Respectfully Submitted by:

Brian Vahey, Charman

Prepared by John Herrington, Director, Retirement Services Division