

TRANSCRIPT CREATED FOR:

Municipal Employees' Retirement Commission Meeting

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3 **TRANSCRIPT CREATED FOR:**

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5 **Municipal Employees' Retirement Commission Meeting**
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7 **IN ATTENDANCE:**

8 **John Herrington**

9 **Brian Vahey**

10 **Michelle Boyles**

11 **Karen McDonough**

12 **Troy Ruccia**

13 **Jeff Tomchik**

14 **Jeff Arn**

15 **Kurt Miller**

16 **Robert Helfand**

17 **Yamuna Menon**

18 **Stephen Stephanou**

19 **Carl Chisem**

20 **Tara Downes**

21 **Ben Sedrowski**

22 **Sarah Saunders**
23
24
25

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2 AUDIO RECORDING.

3 (Audio begins.)

4 MR. VAHEY: April 17, 2025. Could I have
5 somebody take roll call?

6 MR. HERRINGTON: Yeah. Ben, can you take the
7 roll call?

8 MR. SEDROWSKI: Yes, I can. All righty. Good
9 afternoon, ladies and gentlemen, this is Benjamin
10 Sedrowski from the Office of the State Comptroller. I'm
11 going to be going down the participants in order that
12 they are present on the screen in the meeting. We have
13 Brian Vahey; Carl Chisem; Tara Downes; Robert Helfand;
14 John Herrington; Jeffrey Arn; Jeffrey Tomchik, Karen
15 McDonough; Kurt Miller; Yamuna Menon; Michelle Boyles
16 and Troy Ruccia. Is there anyone that I missed? Thank
17 you very much. Mr. chairman back to you.

18 MR. VAHEY: Thank you, Ben. Next, is there
19 any opposition to the consent agenda?

20 MR. MILLER: So moved.

21 MR. VAHEY: -- hearing, none. Can I get a
22 motion to approve the consent agenda? And it sounds
23 like I have, which was -- who was that --

24 MR. MILLER: Kurt --

25 MR. VAHEY: Kurt, and the second was?

1 MR. TOMCHIK: Jeff Tomchik.

2 MR. VAHEY: Okay, thank you, Jeff. Fantastic.
3 Next on the agenda is approval of the CMERS Manual. So
4 I guess the best way to -- we'll start off with, has
5 everybody had a chance to review it, and are there new
6 things that have caught people's attention since our
7 meeting last month, that they would like addressed here?

8 MS. BOYLES: Did we get a new copy after the
9 meeting?

10 MR. VAHEY: I did not get a different one.

11 MS. BOYLES: Okay. My understanding was they
12 were going to reflect some edits from that meeting and
13 then send it around. Was that not the case?

14 MR. VAHEY: I'll defer to Mr. Herrington on
15 the --

16 MR. HERRINGTON: Right, I -- do you recall the
17 edits that were discussed? That there --

18 MS. BOYLES: There were a handful of edits
19 that I specified during the meeting, and they agreed
20 with -- I mean, some of them were simple edits, but
21 there were some that they needed to look into, just
22 regarding wording in there, like us reviewing salary for
23 certain employees. So there -- I was expecting edits
24 still.

25 MR. HERRINGTON: Right, okay. Go ahead --

1 MR. VAHEY: And in any regard, we would all
2 need a finalized copy of what we were going to
3 officially approve --

4 MR. HERRINGTON: Correct.

5 MR. VAHEY: And I do not see them here today,
6 unless I'm misusing my Teams. So I think that's a
7 follow up.

8 MR. HERRINGTON: Correct, right. So I see
9 that there is an updated document that we could have
10 circulated. We will circulate that right after this
11 meeting, and then we can add this as an agenda item for
12 next month's meeting.

13 MR. VAHEY: Thank you, John --

14 MR. TOMCHIK: Mr. Chairman, is a motion in
15 order to table this until the next meeting, pending the
16 new document?

17 MR. VAHEY: Sorry. I'm trying to figure out
18 you just said that --

19 MR. TOMCHIK: Jeff Tomchik, I apologize.

20 MR. VAHEY: Great. So there -- that is a
21 motion? We have a motion to table the item until it can
22 be distributed and reviewed till next month. Do I have
23 --

24 MS. BOYLES: Second.

25 MR. VAHEY: There we go. Thank you. Next is

1 approvals for we're going to -- do those in, we do these
2 each together, separate normal retroactive in the
3 disabilities. I think we did it separate last time.

4 MR. SEDROWSKI: Mr. Chairman, this is Benjamin
5 Sedrowski, apologies to interrupt. Last month we did do
6 it as one item, as one motion.

7 MR. VAHEY: Excellent, so can I get a motion
8 to -- on the retirements?

9 MR. MILLER: I'll make a motion to accept
10 them.

11 MS. MCDONOUGH: So I have a question on, I
12 believe it's the -- I don't know if it's the normal -- I
13 mean, I see some ages there that just come out at me,
14 like age 34 and age -- I think there's one -- can
15 someone explain what the provisions are that somebody's
16 retiring at age 34? And I think there was another one
17 at like 35.

18 MR. HERRINGTON: Right, correct. So this
19 leads into a little bit of MERS 2.0, but then there are
20 provisions where there is an ability for individuals to
21 retire in MERS at any age. The normal age would be age
22 55 with five years of service, but an individual can
23 retire at any age with an actuarial reduction. So
24 although someone is retiring at age 34 and 35, as you
25 can see, that those are very small dollar amounts due to

1 the application of the actuarial reduction. But that is
2 an issue that is resolved in MERS 2.0, where the minimum
3 age, of age 55 to collect in MERS 2.0.

4 MS. MCDONOUGH: Okay. Thank you.

5 MR. VAHEY: Any other questions?

6 MR. SEDROWSKI: Mr. chairman if I may, I want
7 to just to state for the record, this is Benjamin
8 Sedrowski again, that Steve Stephanou has joined the
9 meeting.

10 MR. VAHEY: Thank you.

11 UNIDENTIFIED SPEAKER: And Mr. Chairman
12 through you, I'll second the motion so we can continue
13 discussion, so there's no issue with that.

14 MR. VAHEY: Right. Is there any other
15 discussion? Hearing none, all in favor? Use your hands
16 --

17 MULTIPLE SPEAKERS: I.

18 MR. VAHEY: -- on the Team's hands, but
19 anyway, any opposed? Seeing none. So moved. That
20 brings you up, Mr. Director.

21 MR. HERRINGTON: Great. So good afternoon,
22 everyone. Basically, what I would say is the division
23 has been focused on two items relating to MERS over the
24 past month. The first is basically all of our
25 preparations for what may be an increase in retirement

1 activity due to the changes that are set to go into
2 effect July 1st of this year. The second would be we
3 continue to work with the executive office, in
4 connection with the proposed legislative changes to MERS
5 2.0. One of the items that we have here would discuss
6 the existing form of the proposed statutory language. I
7 do anticipate that there may be some changes in some of
8 that language before it reaches the full legislature.
9 But most of what has been forwarded to you does capture
10 the proposed changes to MERS 2.0. With respect to our
11 preparations for the surge, basically what we've done is
12 we have identified that, as trustee McDonough just
13 pointed out in MERS, all you have to do is have five
14 years of service to be eligible to retire. So that
15 means that we actually have 6600 individuals who are
16 eligible to retire and may retire for July 1st of --
17 June 30th of this year to lock in the status quo. So
18 we're focused on that population, but we obviously are
19 prioritizing that population. We're focusing mostly
20 first on those that are over the age of 55 with 20 or
21 more years of service, and then we're looking those that
22 are, you know, over 55 with between 15 and 28 years of
23 service. Those are our two priorities. And then
24 everybody else is who were working through. But of
25 those 6600 people that we've identified, we've already

1 had contact and exchanged either -- we've either had
2 individual one-on-one sessions or an exchange of e-mails
3 and providing estimates to 18% of that population. So
4 that's helpful because we've provided the information to
5 the individuals to make informed decisions, but also
6 that has kind of locked in the work that needs to be
7 done in order to pay benefits. One of the issues are
8 the concerns that we would have is that if all 6600
9 eligible employees retired at once on June 30th, our
10 question would be whether we would be able to get all of
11 those people on the payroll in time, and we're
12 attempting -- we certainly don't expect it to be the
13 full 6600, but we are doing everything that we can. So
14 whatever that number is, that there hopefully would be
15 no interruption in benefits for that population. In
16 terms of what we've seen for the retirement applications
17 thus far, if we're comparing this year to last year for
18 the January retirements, we had an increase. We have a
19 120% of the amount that retired in January; a 192% for
20 February; a 159% compared to last March. So we
21 certainly anticipate that the most active month will be
22 June and we're preparing for that. We also -- one of
23 the changes that goes into effect for July 1st would be
24 the first time that we offer the drop. There has been a
25 great deal of interest in the drop, and we've had lots

1 of discussions with individuals regarding the drop. But
2 as it stands right now, we only have 15 applications for
3 individuals who have made an official decision to enter
4 the drop. In terms of us going out and reaching out to
5 the individual municipalities, again, because there are
6 so many changes, our focus has been to walk through
7 individuals on what those particular changes are, and to
8 make ourselves available to answer questions as opposed
9 to, you know, relying on the rumor mill to inform the
10 population. And we've done a really good job. We've
11 made presentations to 98% of the participating entities.
12 The holdouts that we have right now are the Oxford
13 Police Department and the entities that participate in
14 Montville. There are special circumstances relating to
15 both of those. In Montville, there was a change in
16 leadership, so someone's being onboarded, the person
17 that would arrange for this. And in Oxford, a number of
18 the police officers, they actually attended some of the
19 presentations that we provided for some surrounding
20 towns. But other than that, we've made ourselves
21 available to the entire population, and that has
22 generated the number of estimate requests. In terms of
23 actual applications up to this point, you know, you can
24 see here we have right now 79 in the door compared to 27
25 at this point in 2024 and 13 in 2023. We also in

1 addition to the estimates, what we're doing is we're
2 essentially prescreening all of those records. So even
3 if someone hasn't requested an estimate, we're going
4 through and we're reviewing the records to see which
5 cases are relatively straightforward and we wouldn't
6 need additional documentation to generate a benefit.
7 And when we identify those that do have problems, were
8 reaching out to the towns to get that information
9 earlier and where we're working through and for the
10 priority one, we've done a really good job, and we're in
11 a good place there. So hopefully all of these efforts
12 will pay off and will be in a position where we can
13 process an uptick in activity without much disruption.
14 But we do anticipate that most of the activity is
15 actually going to happen in June. And so there's only
16 so much that we can actually do at this point, but we
17 are trying to maximize the best use of our time at this
18 point.

19 MR. VAHEY: I see. Mr. Tomchik, do you have
20 your hand raised?

21 MR. TOMCHIK: Yes. Thank you, Chairman. I
22 just want to say, thank you, John, and your staff, for
23 all the work you put into this. Obviously, I'm trying
24 to maintain my single hat of this MERS Commission and
25 recognize that, you know, June could be problematic with

1 the with the numbers of applicants that could come in.
2 And I know that you and your office have been putting a
3 great deal of effort into trying to educate these
4 members to both sustain the fund, and also to explain
5 how the changes aren't a negative perspective, and
6 actually there are available options out there. So
7 thanks for that work you put in. I was just wondering
8 if you could explain or, well first of all, is this data
9 sheet going to be available to us personally, or is this
10 just for the meeting?

11 MR. HERRINGTON: Yeah, I prepared it for the
12 meeting, but if the trustees are requesting this, I have
13 no problem forwarding this along.

14 MR. TOMCHIK: Okay. Thank you. And then if I
15 could get a little bit of direction on the actual role
16 of us as trustees in dealing with this information. Is
17 -- are we -- do we have the responsibility of going to
18 our organizations and -- these organizations and
19 assisting your office in passing on that information?
20 Or are we just merely convening to manage the incoming
21 requests?

22 MR. HERRINGTON: Right. So yeah the --
23 chairman, did you want to respond.

24 MR. VAHEY: No, I just thought it was a good
25 question.

1 MR. HERRINGTON: Right. So basically what I
2 would say is it's probably best that if -- that we
3 partner to provide that in information. Or that you
4 coordinate for us to provide that information to the
5 population, because I think that it's possible for us to
6 provide a general explanation of the rules, but what we
7 find is many times when we have discussions with actual
8 individuals with actual cases, there are some
9 exceptions. And I think it's better for us to be
10 available to answer and to address those types of
11 issues. And what I would say, just as a general rule,
12 this board is governing in setting policy for the
13 administration of the plan, and the division is
14 responsible for the day-to-day operations of the plan.
15 So as a general rule, I would say that that's kind of
16 how the division of labor kind of works out. But we
17 certainly can be responsive and partner with you to
18 assist with any, you know, messaging that's required for
19 the constituencies that you serve.

20 MR. TOMCHIK: Thank for that answer. That
21 really filled in that gap. And so if I could just then
22 request that the trustees are supplied with a full
23 membership role, so that we understand all the members
24 that are involved, that would be helpful, if that's
25 possible.

1 MR. HERRINGTON: Right. So basically what
2 you're requesting would be likely it would appear on
3 what we refer to as our actuarial extracts, so that we
4 would provide details of all members, and the members
5 that we have identified that are eligible?

6 MR. TOMCHIK: I think just the groups I
7 believe would be helpful. I know some municipalities
8 only offer this plan for public safety. Some
9 municipalities offer for all employees. If we knew
10 those groups, that would be helpful. Does that make
11 sense?

12 MR. HERRINGTON: Okay. Right. So I think we
13 can definitely provide information regarding the
14 membership in the plan. Some of that information exists
15 in the actuarial valuation identifying the various
16 entities that participate and the number of individuals
17 or the number of members within those entities. That
18 exists in the valuation that we can certainly send along
19 to you -- if the next question. But like, I don't think
20 that necessarily breaks down the information by so we
21 break it down by the entity, not necessarily by unions
22 within the entities. And we certainly don't break that
23 down by individuals. So I guess the question is what
24 information are you seeking? And we can think -- you
25 know, we do certainly have information on every single

1 member that participates in this plan, and we have a lot
2 of data on those individuals. But I think it would be
3 helpful for us to help you, if I knew exactly what it is
4 that you're looking for and where I could direct you.
5 But I would say right now, looking to the actuarial
6 evaluation that would show every entity that
7 participates in the number of members, in those
8 entities.

9 MR. TOMCHIK: Yes. And I'll certainly -- I'll
10 look into that, the valuation and see if that answers my
11 question and gives me the data set that I need. And if
12 not, I'll let you know and ask for something more
13 finite.

14 MR. HERRINGTON: Yeah, okay. Perfect.

15 MR. VAHEY: And I actually have a question,
16 actuarial question, actually. So when this was all --
17 it was planned for, actuarially, and there was some an
18 they had numbers that they anticipated and baked that
19 into -- consider what the contribution needed to because
20 it's whatever it's going to it's -- it impacts, right,
21 the liability. Do we know where things are with respect
22 to the -- what the actuaries projected? And then I
23 guess this would have been a good question a while ago,
24 but also, like what's the sensitivity to the valuation
25 you know if it's like, 10% more than what was put

1 forward or 10% less? Like what's the sensitivity to the
2 value based on this rollout or this change in the plan?
3 And if you don't know that, I mean --

4 MR. HERRINGTON: Right. Yes, it's I know
5 some, but not all of that. And unfortunately, Megan
6 decided to go on vacation today, but she was but I guess
7 it's spring break for Connecticut schools. So with
8 respect to the assumptions that were made, I'm aware of
9 what the assumptions were made for participation in the
10 drop, and my understanding was that the assumption was
11 that 50% of those that are eligible for the drop would
12 enter the drop. And the drop has a much higher
13 threshold. So whatever the number is for a drop,
14 eligibility is far less than the 6600. I don't know
15 that number as I sit here, you know, I can figure that
16 out and send that along later. But I know that the
17 assumption was that 50% of those individuals that were
18 eligible would either retire or enter the drop. In
19 terms of the entire population, what the assumption is?
20 My understanding is that the last time that we had that
21 discussion, the idea was that most of the changes were
22 designed to save the plan money in out years. And the
23 idea was that, you know, to the extent that we were
24 relying on the regular assumptions for retirement
25 activity, and if that resulted in a loss. That would be

1 reflected next year and then would go out. But that's
2 my understanding of the discussion. I know that Megan
3 and the plan's actuaries had more detailed discussions
4 of that, but that is my understanding is that, to the
5 extent that there are excess retirements, it is possible
6 that there would be a loss and that would be reflected
7 in next year's rates.

8 MR. VAHEY: But ultimately, yeah, so that
9 makes sense, they say the same - sorry go ahead.

10 MR. HERRINGTON: Yeah, but the bulk of the
11 savings were for out years.

12 MR. VAHEY: Yeah. I knew it was out years,
13 and it seems like they're going to -- they just
14 projected it as is, and this is a will all be
15 essentially gravy as far as when it knocks down. I
16 think. Which, that's a safer way to go about it. Are
17 you going to do something that makes some -- that don't
18 come through, and then that's what I was wondering about
19 would because it's tough to go back and say, you know,
20 we all of the municipalities are going to have to cough
21 up more because this whatever -- we didn't get as much
22 as we thought we're going to get from it. I get that.
23 Thank you.

24 MR. HERRINGTON: And then things are
25 complicated a bit, in the sense that we have MERS 2.0

1 that is being contemplated and likely will pass, but
2 wouldn't be implemented today. So in a perfect world,
3 there would be an outflow of, you know, more expensive
4 MERS 1.0 members who would then be replaced by MERS 2.0
5 members. It's likely that that's going to happen, but
6 there would be a gap. And so the -- to the extent that
7 we have a number of retirements now, there could be lots
8 of people that would be hired under the more rich
9 promises, you know, over the next two to three years,
10 and then it would be those that are hired beyond that --
11 would oversee -- that we would realize far more savings.

12 MR. VAHEY: I understand. Thank you. Are
13 there any other -- let me see if anybody's got their
14 hand up. I saw a hand go up and go down --

15 MS. MCDONOUGH: It's the Team's thing. John,
16 I just have a question about the whole, like legislative
17 general assembly process. So the this proposed bill is
18 hasn't been submitted at all at this point?

19 MR. HERRINGTON: Yeah. It has been submitted.
20 There was actually testimony at the finance committee
21 yesterday.

22 MS. MCDONOUGH: Okay, so any edits would just
23 be submitted as well. It -- because we were talking
24 about making some edits to it, right?

25 MR. HERRINGTON: Correct. Right. So there

1 actually were some drafting errors between our office
2 and LCO. So one of the issues here relates to overtime,
3 where we're treating overtime differently, and overtime
4 is going to be handled through a DC plan. And the
5 proposed bill captures that concept so far as employee
6 contributions are concerned, but it doesn't capture the
7 concept of employer contributions, which the idea and
8 what was submitted to LCO was be that it's a, you know,
9 dollar for dollar match at the employer level. But that
10 language doesn't appear in the existing bill and -- but
11 will be corrected and will appear in the bill next week.

12 MS. MCDONOUGH: Okay, thank you.

13 MR. VAHEY: And that is next on the -- if
14 there is no further discussion for the -- on the I guess
15 is that the end of your director's report?

16 MR. HERRINGTON: That is the end of my
17 director's report.

18 MR. VAHEY: Thank you. So then we can step
19 right into sort of where we already started to, which is
20 the bill. And I did, I scanned through and saw some
21 testimony for it yesterday, and I had a question after
22 that. And it actually is on the thing you just talked
23 about. Is there an easy way to explain the overtime
24 issue, because that came up during the testimony, and I
25 don't -- I'm trying to figure out the DC component to

1 the whole, I mean, I think a defined contribution option
2 or addition is a good thing. I just didn't really
3 understand this the -- I know overtime is out of the
4 regular calculation for the DB.

5 MR. HERRINGTON: Correct. Right, so what I
6 would say is that the concept of overtime and the
7 inclusion of overtime was one of the central issues that
8 was discussed in any of the working group discussions.
9 I think that on the municipality side, there were many
10 municipalities that wanted no inclusion of overtime
11 whatsoever. And labor obviously wants overtime to be
12 reflected as a retirement benefit. There were, you
13 know, some discussions of the possibility of imposing
14 some type of anti-spiking provisions to limit the
15 impact. There was also discussion of different types of
16 overtime, particularly with public safety. The type of
17 overtime that's worked as the regular part as opposed
18 to, you know, paid for by private entities. All of
19 those were issues that were discussed, and what we
20 settled on is kind of a compromise between all of those.
21 And I think one thing that's important to note that MERS
22 as a multiemployer plan, the impact of overtime, I think
23 has an additional layer of complexity because the cost
24 is shared amongst all of the towns. So to the extent
25 that there's a certain town that has a different

1 overtime experience than another, that cost is bored by
2 all of the other towns. And so that was a concern as
3 well. But at the same time, the unions were striving in
4 the idea that if individuals work overtime and they work
5 overtime consistently throughout their career, that
6 that's akin to the their salary and they should receive
7 a retirement benefit for that. So the compromise was
8 that the defined benefit plan is going to be based on
9 base pay only with no inclusion of overtime whatsoever.
10 However, for any individuals that work overtime, the
11 contributions that would have been paid to the DV plan
12 are then paid to a DC plan, and the employer matches
13 that. So the employers not paying the full percentage
14 that they're required to pay on the DB, they're paying
15 the reduced amount that's matching the employees
16 contribution to the DC, and then that would be invested
17 in a regular DC plan and would grow over time. So the
18 idea is that we've limited the impact of overtime on the
19 calculation of the benefit and all of the variations
20 relating to overtime. So it should be easier for the
21 actuaries to hit their assumption for salary from 1 year
22 to the next. But the employees are still going to
23 receive benefit for the overtime. And it would just
24 bring a bit more certainty and clarity to the employers
25 to do so through the DC plan versus the DV plan.

1 MR. VAHEY: I get that. Thank you, I
2 understand that. And that also sort of pushes the --
3 call it the debate, if you will, really to the
4 municipalities and their own labor employment contracts
5 as well, right?

6 MR. HERRINGTON: Well, right. I would say
7 that that's a big feature in the creation of MERS 2.0.
8 So MERS 2.0 will go in place for existing municipalities
9 on 7/1/27, unless there's an existing labor contract
10 that extends beyond that point. And then for new hires
11 of any of those entities that have labor contracts that
12 extend beyond 7/1/27, the effective date for new hires
13 would be at the conclusion of the existing collective
14 bargaining agreement.

15 MR. VAHEY: Thank you, and I see Mr. Miller.
16 And then I see you, Mr. Ruccia -- I don't want to mess
17 up your name --

18 MR. RUCCIA: Ruccia. You can just say Troy --

19 MR. VAHEY: Well, you like to -- but, Mr.
20 Miller, go ahead.

21 MR. MILLER: Yeah. Is there a cap on the
22 amount of contributions that can be made for overtime?
23 Like how much the match is?

24 MR. HERRINGTON: No.

25 MR. MILLER: So if they wanted to -- if they

1 wanted in theory, contribute 50% of their overtime?

2 MR. HERRINGTON: Oh, oh, okay. Right, yeah.
3 The cap is the required contribution. So that's 5% for
4 general employees or 8% for public safety. I thought we
5 were talking about a cap if someone made \$500,000 worth
6 of overtime --

7 MR. MILLER: Oh, no, no --

8 MR. HERRINGTON: Right, no. But yeah, it's
9 the same contribution that they pay to the DB plan.
10 They would just pay it to the DC plan over the town
11 contributing an equal match.

12 MR. MILLER: And it's just 5% of the overtime
13 amount?

14 MR. HERRINGTON: Correct.

15 MR. MILLER: Okay that's good. Thanks, John
16 appreciate it. Go ahead Troy.

17 MR. RUCCIA: All right thank you. John so
18 prior up to 2027, everyone that's employed prior to
19 that, all the overtime is going to be included. And
20 some of the overtime is, you know, 50 to a 100 grand.
21 After 2027, the new employees are now going to just
22 contribute onto base pay. Does that negatively impact
23 the plan?

24 MR. HERRINGTON: No.

25 MR. RUCCIA: Are you sure? Because new

1 employees pay for, you know, current retirees. And if
2 it's -- let's just say someone who's making a 100 grand
3 makes 200 grand with the overtime, everybody going
4 forward is not going to be paying on their full, they're
5 going to be just paying on their base. So that's going
6 to be a lot less money going into the actual fund. So,
7 I mean, did we account for that?

8 MR. HERRINGTON: Right. So that the actuaries
9 actually did account for that. What I would say is that
10 a lot of this has to do with the time horizon, you know,
11 in terms of that. So what you're discussing, you know,
12 the bulk of the retirees or the bulk of the members who
13 have the existing provisions right on, you know, 7/1 or
14 6/30/26, everyone is going to be contributing on all of
15 the overtime. You know, the number of people that are
16 going to be hired on 7/1 that would be subject to this
17 new provision, is going to be very small relative to
18 that larger group, but at the same time, that new group,
19 the liability associated with their retirement benefits
20 is going to be smaller. So over a long enough period of
21 time, it's going to smooth in, but there would be
22 savings.

23 MR. RUCCIA: Okay. Thank you.

24 MS. BOYLES: Just thought I'd comment a little
25 as the actuary, try to help out a little bit on the

1 contribution. So when we think about a contribution, we
2 usually just talk about it as just the contribution and
3 is the contribution rate, but the contribution is made
4 up of two different pieces. There's one piece the
5 normal cost, and that is the cost attributed to one more
6 year of service. So that active employee earns another
7 year, earns a little bit more pay, earns a little more
8 benefit. That's the normal cost, and that's what the
9 employees are contributing towards, is that new year's
10 accrual. There is the second component of the
11 contribution, that's for past changes, people behaving
12 differently than the assumptions expected, pay increases
13 being different than expected, investment performance
14 being different. All the different, different,
15 different stuff, that's the amortization piece. And
16 that's not something that really employees are
17 contributing towards. They're contributing towards
18 their new accruals. That other piece is just the
19 headache we have to deal with and fund towards. So I
20 hope that helps a little bit in thinking about it, too,
21 is those employees are contributing based on what
22 they're eligible for, what their benefit is eligible
23 for. So that's why, yeah, it hurts because not as much
24 of a dollar is coming in, but we're also not promising
25 as much of a dollar benefit to them. So that's where

1 the offset comes in. I hope that helps a little.

2 MR. VAHEY: It does, for me anyway. Thank
3 you.

4 MR. HERRINGTON: Thanks, Michelle.

5 MR. VAHEY: Any -- okay Jeff.

6 MR. TOMCHIK: Yeah everyone's talking about
7 July 1, 2027, but all the references I see in the actual
8 bill, say 26, is right?

9 MR. HERRINGTON: Right. So there's two
10 different dates. So the 7/1/26, that's for new
11 entities. Entities that do not currently participate in
12 and see CMERS. The later dates are for the new hires
13 for the existing entities.

14 MR. TOMCHIK: Okay. Thank you.

15 (Audio stops and starts abruptly.)

16 MR. VAHEY: -- is okay -- go ahead.

17 MR. HERRINGTON: Yeah what I was going to say
18 is that when I receive an updated version of the bill,
19 and I know that there are continuing discussions, so
20 there may be some changes beyond just adding in that
21 matching component, but when I receive an updated
22 version of the bill, I'll certainly circulate it to this
23 group.

24 MR. VAHEY: Thank you, John. Yeah, it was
25 positive feedback that I saw, unless I missed at the

1 testimony. Unless I missed something. I mean, concerns
2 about the DC, understanding the overtime thing, because
3 I guess it -- whatever wasn't in there properly. But
4 otherwise sounds like everybody was thumbs up. For
5 those who missed that fantastic testimony period.

6 MR. HERRINGTON: Right. And I am aware that
7 at least one of the trustees testified in favor as well,
8 so.

9 MS. MCDONOUGH: That's good to hear. I was a
10 little worried it might get spun, as, you know, a
11 reduction in benefits for municipal employees or
12 something like that, and I'm glad that it wasn't.
13 That's good to hear.

14 MR. VAHEY: Yeah. CCM was there, and there
15 was another organization for small towns that I didn't
16 recognize.

17 MR. RUCCIA: I testified in support of it, and
18 I was -- I feel like I won the lottery because I was the
19 second on the testimony list. Anyone ever testified
20 before you know that you can get you can get stuck in
21 the in the triple figures but you know. I just want to
22 commend John and the comptroller. I really it was a
23 unique proposal because, you know, from the management
24 side, were not thrilled with the fact that there's no
25 cap on the 8% match. But I really think it's a unique

1 and innovative way to help out folks that aren't going
2 to have the overtime calculation in the pension. Really
3 set up a investment fund that can compound over time,
4 and really I think end up being on the better side of
5 the ledger depending on how much overtime they work
6 early on in their career. And obviously not having the
7 calculation will help the required contributions that
8 cities and towns make so, you know. I think it's a
9 really fair deal.

10 MR. VAHEY: Yeah. Thanks. And I missed yours
11 because I guess I just assumed that before I came in,
12 but I also learned that one of the trustees, I guess, is
13 suffered through some illness or whatever, and that's
14 probably why he's not with us today. I think that was
15 Mr. Freda. And I just hope that he recovers well and we
16 see him next month. Any other comments?

17 MR. HERRINGTON: Jeff has something.

18 MR. VAHEY: Oh sorry.

19 MR. TOMCHIK: Yeah. And I think this kind of
20 pertains to the prior subject on where our role is,
21 right? I do believe that, you know, I understand the
22 comptroller's position on separating us from the group
23 that put together -- or has been working to put together
24 the 2.0 but, you know, obviously, I'm part of an
25 organization that took part in that. If I could not

1 directly be part of it and we supported it as well.
2 Understanding that, you know, there are a couple bugs
3 that need to be fixed. But as a whole, I think the
4 leadership of our organization, as well as my position
5 on this commission, is to make sure that we have a
6 sustainable benefit going forward. And, you know, we're
7 definitely going to support as much as we can to do
8 that. So with that being said, you know, John, I'm
9 hearing that some of the members here were vocal about
10 it. I wish we had a little bit more direction as a
11 committee because I personally would have would have
12 done testimony as well as my own. But I know I'll have
13 that opportunity going forward and to support the
14 legislation as it travels through the rest of the
15 legislature. So just, you know, if the opportunity
16 arises, please bring that to this committee, because I
17 will do the best I can to help out anyway that's needed.

18 MR. HERRINGTON: Perfect. I'll definitely
19 keep that in mind going forward.

20 MR. VAHEY: Troy?

21 MR. RUCCIA: Thank you. John, just real
22 quick, the defined contribution, I'm assuming that's
23 also subject to, like, the 401k or the IRS limitations
24 and caps per year, correct?

25 MR. HERRINGTON: For 401a.

1 MR. RUCCIA: And then it shows that the member
2 could contribute 8%, there would be that match,
3 obviously, would they be able to contribute more so they
4 could max out every year?

5 MR. HERRINGTON: Right. Not through that
6 vehicle. But one of the legislative changes was for us
7 to offer a deferred compensation plan statewide so that
8 municipalities could basically benefit from the
9 increased bargaining power for the state plans. And so
10 there will be a mechanism where municipal employees can
11 contribute to a DC plan with that same investment. Same
12 menu of investment options at the same low fees. But it
13 wouldn't be exactly through that plan. It would be a
14 separate and similar plan.

15 MR. RUCCIA: Thank you.

16 MR. HERRINGTON: All right. And one thing
17 that I would just point out, you know, this was just
18 something interesting almost kind of a tidbit, but as we
19 had these discussions with some of the labor groups,
20 something that was surprising to me, that this was an
21 interesting tidbit was that -- I didn't realize that in
22 the town of Greenwich, I don't recall whether it was the
23 police officers or the firefighters, but in arbitration,
24 the town won that they could switch to a DC plan. So
25 that was very interesting to me. And I think that kind

1 of shapes the landscape in terms of where we are and
2 what we are trying to do, is to make DB plans an
3 affordable option that would be available to a larger
4 group. But I mean, if Greenwich can't afford a DV plan,
5 I don't know what some of the other towns would be able
6 to afford.

7 MR. VAHEY: That is interesting, because I my
8 only comment when I saw the -- I'll call it like a nice
9 bell and you know, shiny whistle on the DB plan to have
10 -- the to put in a DC plan as well. So it's as far as
11 an option or something. I could make it really
12 attractive. Right. So you cause you say employees
13 could you know, you're going to get your base benefit,
14 which it's important. But for those who want to save
15 more in some pension plans, they allow that you can you
16 can do a side car super contribution to your pension
17 benefit. But I you know, if you don't have that, then
18 the DC is kinda like a neat thing that's not available
19 in many places. So I thought that was pretty good. But
20 my other thought was when I was so -- I've seen the DC
21 debate. It happened here when I was -- no one asked me,
22 but it happened here in Fairfield while I was the chair
23 of the pension board. And then after the fact, the RTM
24 was rather confused about why costs were still pretty
25 significant. And I said -- if you had asked me, I could

1 shown you the math. If you're still giving, you know,
2 the contributions still had to happen from the town.
3 And I was like, you, yeah -- - all you did was shift
4 some market risk onto the employees, which I think is a
5 bit of a jam job. And you didn't really save much money
6 and that people were stunned? I really don't -- I
7 wasn't there for the debate, and I would have liked to
8 have been asked before they passed it. But so our town
9 employees now do not have a DB plan, but maybe MERS 2.0
10 for Fairfield's town employees.

11 MR. HERRINGTON: And last point that I would
12 want to -- so you know, obviously, this is proposed
13 legislation. It seems as though there's a strong
14 likelihood that it would be passed, but it's not
15 guaranteed. But to the extent that this legislation is
16 passed, there will certainly be gaps that would need to
17 be filled. Those gaps would need to be filled through
18 regulations, and those regulations would emanate from
19 this body. So I just want to place that on everyone's
20 radar, that there will be a great deal of substantive
21 work for this group to engage in as we fully implement
22 the MERS 2.0.

23 MR. VAHEY: Yeah. And I also meant to
24 commend, Mr. Miller, because you obviously we're paying
25 attention during the whole fiduciary conversation that

1 we had, like back in -- is that January, because you
2 nailed it. You're here because of the -- you do
3 represent a body that's how you have the seat. But that
4 the big -- you have your eye on the big prize, which is
5 that to maintain the health and availability of the
6 benefit to the whole. Existing retirees and actives and
7 to be, you know, future retirees. Oh, Karen --

8 MS. MCDONOUGH: Yeah. Just a comment on that.
9 I've worked with non-CMERS municipalities and where they
10 have made the decision, you know, however they could go
11 about it, in freezing the DB plan, and I'm talking about
12 a situation with the police plan. To go to, you know,
13 from DB to a DC for new hires, they had to unfreeze it
14 because what they were finding is they couldn't recruit
15 and those police officers were going to other
16 municipalities. So it's kind of an interesting -- we'll
17 see what happens in Greenwich.

18 MR. VAHEY: Yeah and it affects the liability
19 profile, right? Because it's frozen. So and that's
20 great. Yeah, I remember reading about that. You have
21 something again, Karen?

22 MS. MCDONOUGH: No. It's Teams --

23 MR. VAHEY: Oh, I know. Team took me a while
24 to get onto the meeting. I love teams. Sorry. I lost
25 my agenda. We have nothing further on the agenda. We

1 do have that one thing. We're going to just discuss the
2 manual. Have a chance to look at it. And since it's
3 here, appears like it's in your outbox right now. John,
4 that looks like folks go a whole month to chew on that
5 puppy so -- can I get a motion -- well, is there any
6 other old business that we've forgotten that needs to be
7 added to the agenda?

8 MS. BOYLES: It's not necessarily old
9 business, but just a question. I saw there's an RFP for
10 an attorney for CMERS. Are we going to be involved with
11 that RFP and what's our role?

12 MR. HERRINGTON: Right as we have yet to
13 establish the subcommittees that would handle that. We
14 are essentially that -- the role of that subcommittee
15 would be Karen Bryan and my myself. We will review
16 that. And once a determination has been made, that
17 would be presented to the full commission to accept. I
18 think it's going to be a pretty easy process.

19 MR. VAHEY: Oh, don't jinx it --

20 MR. RUCCIA: Famous last words --

21 MR. VAHEY: Especially with a RFP.

22 MR. HERRINGTON: I think we have had one
23 submission.

24 MR. VAHEY: Wow. Okay. Thanks, Michelle.
25 Any other things before we move to adjourn.

1 MR. HERRINGTON: I think Jeff had something,
2 and I know that Yam has something.

3 MR. VAHEY: Yeah. My agenda covers up
4 people's hands. So I'm going to bounce it back and
5 forth. Sorry. Jeff.

6 MR. TOMCHIK: I just wanted to maybe suggest
7 or ask if we can add a section in the agenda which would
8 include maybe -- good of the commission or current
9 issues. Just to leave an open ended area for us to
10 actually bring something forward to the committee or if
11 questions need to be answered. That way, it's just kind
12 of as a place to go. And for instance, I'll lead you
13 with my first one. I just wanted to verify that the
14 e-mails that I've been getting and going through the
15 state process, this statement of financial interest is
16 something that this is -- it?

17 MR. HERRINGTON: I think that's Yam's point.

18 MR. TOMCHIK: Okay. Then I'll just leave it
19 at that. Thank you.

20 MS. MENON: Yeah. And just very briefly --
21 -oh, sorry Mr. Chair, go ahead.

22 MR. VAHEY: No. I'm just -- I love that form.
23 I have to do with my wife and was like, oh no, this is
24 for me.

25 MS. MENON: It is coming back. So just first,

1 I'm Yamuna Menon, General Counsel to the State
2 Comptroller, and one of the things that I oversee is
3 really checking in with members of the service CERS
4 Commission and the MERS Commission, with respect to
5 their annual filing of the Statement of Financial
6 Interest through the Office of State Ethics. So because
7 you're a new commission, it will be technically a new
8 filing for you, but I know several of you are filing
9 because you're doing so in other capacities. But I sent
10 an e-mail last week that just provides the overview.
11 The statutory authority as well as the Governor's
12 standard for who falls under that, who's a designated
13 required filer. If you have any questions about it,
14 feel free to reach out to me. My e-mail is part of the
15 cc'd group in the MERS packet e-mails, so you could find
16 me there. If you have technical questions about how to
17 use the online system. The Office Of State Ethics has
18 been really helpful with that. So they're really the go
19 to on the online technical questions. But any other
20 questions on that, let me know. It is due 2 weeks from
21 today, Thursday, May 1st. So again, Thursday, May 1st
22 is due, the Statement of Financial Interest for MERS
23 Commission members. So I just wanted to let all know.
24 I think Sarah has one hand up --

25 MR. VAHEY: Sarah --

1 MS. SAUNDERS: A quick thing. I just wanted
2 the minutes to reflect that I did join, but I missed the
3 roll call at the beginning and sorry I was late.

4 MR. VAHEY: Not a problem. And Yam, I would
5 just say the system is clunky.

6 MS. MENON: Yeah, yeah.

7 MR. VAHEY: And it changed my wife's -- I
8 forget how many terms she served, but in the past,
9 retirement accounts were somehow treated somewhat
10 different for equity holdings and stuff. And now --
11 which I thought was not appropriate -- I think it's
12 better the way it actually is now. But I had a question
13 technically on when you're listing all the your
14 investment holdings. It says held by, is that just
15 simply some external trust or, you know, as a blind
16 trust, or is it because I noticed that in the drop-down,
17 it could just be operator errors that are out there, but
18 people were listing, like, IRA or something as a
19 separate I mean, that's technically if you're the
20 beneficiary, isn't that still you're the holder? Or is
21 it that's where you're supposed to click that you're not
22 the -- do you know what I'm talking about?

23 MS. MENON: Let me follow up. It might be a
24 specific like screen and in the drop-down for it, so we
25 may have to follow up on that. But it -- see if we can

1 find out. Yeah.

2 MR. VAHEY: It's on the investment page and
3 it's on it there --it's a -- you have to click after
4 you've put whatever it is, and you say it's GE stock or
5 something, and then it'll say, held by you, not held by
6 you, even though -- I was trying to figure out what the
7 heck that meant. And I was just thrown by the fact that
8 I saw people putting, like, the stock and then they put,
9 like, IRA and I'm going, I don't think -- I don't see
10 why that would be different. But I was like, oh, well,
11 I submitted it. It's through. And I think I did it
12 correctly, but --

13 MR. RUCCIA: Wait, I have a question. Do we
14 have to put our, like, our 401ks there? I assumed that,
15 like, it was more individual stock. We have to put our
16 401k.

17 MR. VAHEY: I also do expert testimony stuff
18 and the reason for this ethic stuff. But it's you since
19 you don't control a mutual fund, most people's --

20 MR. RUCCIA: Yeah. I'm all in mutual funds.
21 Yeah.

22 MR. VAHEY: Unless --you know correct me, but,
23 you know, you don't have control over that. So this is
24 really to see if we had, like, a conflict. In we were
25 managing, you know, we didn't have the IEC, right. So

1 for whatever reason, some ruling is coming up with --
2 going to affect an individual company, and then we would
3 you know, we obviously have a conflict that we'd have to
4 disclose or it could be found out after the fact.

5 That's how they list all these things. So generally,
6 you know, you're not listing like, you know, planned
7 target date retirement fund, blah, blah, blah. Because
8 you don't have any management of that. That's where
9 maybe it's -- I don't know what that toggle is -- but I
10 that --

11 MR. RUCCIA: That's what I thought but I
12 wanted to confirm that I'm not violating anything on
13 that disclosure.

14 MR. VAHEY: I didn't list a pooled vehicle
15 because you'd have absolutely no -- nothing to benefit
16 from or conflict with on. But if I'm incorrect, I
17 apologize.

18 MS. MENON: And certainly we can follow --
19 like if there are specific questions on those, happy to
20 follow up with me. I can follow up with ethics. You
21 can follow up with ethics. We'll be able to get this --
22 get it answered. So if you have follow up questions on
23 that.

24 MS. MCDONOUGH: I'm not an expert, but I've
25 been doing them for many years, and I always list the

1 funds I'm in because it says you have to list anything
2 over, you know 5000.

3 MR. VAHEY: 5000.

4 MS. MCDONOUGH: Even though I'm not
5 controlling it. You're right. And but anyway, but
6 maybe we could get clarification. I don't want them --

7 MR. VAHEY: So, yeah, two different two
8 different interpretations of the same.

9 MS. MCDONOUGH: Yeah it's not clear.

10 MR. RUCCIA: I'll e-mail you, if you could
11 forward that to ethics to ask --

12 MS. MENON: Yeah, sure, happy to do that. No
13 problem.

14 MR. VAHEY: Great. Thank you for bringing
15 that up. I definitely -- it's all -- everybody's gotten
16 that. Is there -- and the I don't want to -- we've got
17 the I think it's a good idea on the agenda as well.
18 That is a great idea. Anything else? Someone wants to
19 make a motion?

20 MR. RUCCIA: I'll make a motion to adjourn.

21 MR. VAHEY: That was Troy, can I get a second?

22 MR. MILLER: Second.

23 MR. VAHEY: Kurt, saw raise his hand.
24 So all favor?

25 MULTIPLE SPEAKERS: I.

1 MR. VAHEY: All right. So adjourned, thank
2 you, everyone, and we'll see you --

3 (Audio Ends.)
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I, Rachel Murphy, Certified Court Reporter, do hereby certify that this document is a true and accurate record of the proceedings obtained from a digital audio recording of the meeting regarding Municipal Employees' Retirement Commission on April 17, 2025, to the best of my ability.



Rachel Murphy - Notary Public

My Commission expires April 30, 2029.