



# **STAMFORD FIREFIGHTERS PENSION FUND**

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## **City of Stamford, CT**

**Chairman Michael Golden**  
**James R. Fountain**  
**Richard Freedman**  
**Gerald J. Kutz**  
**Matthew T. Palmer**

### **Meeting purpose: Regular Meeting**

#### **March 2, 2020 1200**

A Regular meeting of the Stamford Firefighters Pension Fund was held at 1200 on Monday March 2<sup>nd</sup> at Stamford Fire Headquarters.

Present at the meeting were: Chairman Michael Golden, Trustee Richard Freedman, Trustee James Fountain, Trustee Deputy Chief Matthew Palmer and Trustee Gerald Kutz. Absent: None. Guests included: City alternate Stephen Cohen, Fund Advisor John Oliver Beirne of Beirne Wealth Consulting, Fund Advisor Associate Taylor Garguilo of Beirne Wealth Consulting, Rebecca Sielman of Milliman, Yelena Pelletier of Milliman.

The meeting was called to order at 1205 by Chairman Golden.

Chairman Golden introduced himself and asked everyone in the room to introduce themselves and their role as it relates to the Stamford Firefighters Pension Fund.

### **Public Comment**

None

### **Resolutions for Pension**

#### **Resolution for a Firefighter**

Trustee Palmer presented the retirement package of a Firefighter. Trustee Freedman and City Alternate Cohen reviewed the financials. Rebecca Sielman stated that the numbers were reviewed and signed off by the actuary (Milliman).

A **MOTION** was made by Trustee Fountain and seconded by Trustee Palmer at 1215 to execute the Regular Retirement Resolution of a Firefighter effective April 1, 2020. Motion **PASSED** unanimously.

### **Beirne Wealth Consulting**

John Oliver Beirne presented the current and revised allocation breakdown for the new investment policy.

Beirne suggested the following Asset Allocation Classes:

- High Quality Credit

- Multi-Credit
- Public Equity
- Private Equity
- Diversified Equity
- Real Estate
- Commodities
- Differentiated Return Streams
- Cash

Beirne presented a table and chart on the liquidity of the Firefighters Pension Fund.

He also presented a chart that shows an Allocation Summary of the Average Public Pension Fund Asset Allocation:

- Public Equities: 48.8%
- Fixed Income: 22.6%
- Real Estate: 7.2%
- Alternative Investments: 19%
- Cash and Other : 2.1%

He also discussed the changes over the period 2006 to 2016 where Fixed Assets remain fairly consistent but Alternatives grew from 11% to 26% taking most of the gain from Equities.

Mr. Beirne then gave examples of notable Asset Allocations from the Dartmouth, Princeton, Harvard and University of Virginia endowments as well as the CALPERS pension fund.

The board asked several clarification questions regarding the charts presented.

A discussion ensued regarding the difference between endowments and pension assets and the associated risks. The board discussed whether the allocation buckets should be different for the two different types of funds?

Trustee Fountain asked about Diversified Equity and what would be placed in the bucket if the change was ratified.

The board discussed the recommendations and decided to plan a sub-committee meeting between New Trustee (City Alternate) Cohen, Trustee Kutz and Chairman Golden. The plan is to discuss the allocation buckets and word-smith the policy. They will return to the April meeting with recommendations.

City Alternate Cohen handed out the Ernst and Young Defined Benefit Investment Policy and Guidelines to the other trustees and suggested that we use some of the language from the document to help finalize our policy.

Chairman Golden brought up the issue of fee's and where they are allocated. It seems to be an issue with the accountants. The fee's seem to be accounted for in multiple locations. Mr. Beirne stated that

he will provide the board with a copy of the original contract with Beirne Wealth Consulting that has the fee structure of both BWC and the asset repository at Fidelity broken down.

Chairman Golden also wanted to define the process and sign off's that take place each month to pay the pensioners. He will review this with Past Chairman Berlingo and bring the result to the sub-committee meeting. The board needs to document the process and tasks associated with paying the pensioners.

At the end of the presentation, Taylor Garguilo asked to have Chairman Golden, Trustee Kutz and Trustee Palmer sign the revised signature authorization forms and notarized them. Past Chairman Berlingo also needs to sign the forms to remove his name. Chairman Golden took the forms and will meet with Past Chairman Berlingo and return the forms to Beirne Wealth Consulting.

### **Milliman**

Rebecca Sielman presented the following topics:

- The Stamford Firefighters Pension GASB 67 and 68 Disclosure for period July '18 – June '19
- Review the recently completed Actuarial Valuation as of July 1, 2019
- Proposal and Statement of Work for an Experience Study
- Proposal and Statement of Work for a Risk Assessment and Asset/Liability Study

### **GASB 67 and 68**

Ms. Sielman asked if anyone had any questions after reading the final report that was distributed at the last meeting? No one had any questions or comments so she moved on.

### **Actuarial Valuation**

Ms. Sielman reviewed the highlights of The Firefighters Pension Actuarial Valuation as of July 1, 2019. She reviewed the changes over time of the member count, stating that we had some retirements without replacing the employees.

She reviewed the demographics of the population of Active Firefighters, noting that we have a significant number of firefighters over the age of 50 with 30 plus years on the job.

She also reviewed the Assets with returns and the difference in Market Value and Actuarial Value over time. 2019 had a modest return of 6.45% for the pension fund.

She reviewed the Interest Rate Assumption and looking at the Asset Classes that the pension fund currently invests in. The firm expects the current asset allocation to perform at 6.4% over the long term without a margin for manager alpha.

Ms. Sielman reviewed the Funded Status with factors from the Accrued Liability and the Unfunded Liabilities. She stated that after some assumption changes, the Funded Ratio dropped from 75.3% to 73.3% as a result of greater than expected retirements and investment performance below assumed levels (6.45% actual vs 7.10% assumed).

As a result, the Actuarial Determined Contribution rose from \$8.8 million in 2019-20 to \$10.7 million in budget years 2020-21.

She reviewed three proposed assumption changes:

- Change the mortality table from RP-2000 to PubS-2010
- Modify Timing Adjustment
- Lower the Interest Rate Assumption

### **Change the mortality table from RP-2000 to PubS-2010**

This was a fairly obvious change, to update the mortality tables from 2000 to 2010, and in the new 2010 class of tables there is a specific table for Public Safety employees. The quantifiable differences in making the changes are to decrease the pension funding level from 74.6% to 73.8% and to increase the Actuarial Determined Contribution from \$9.5m to \$9.8m. The main reason for the increase in contribution is due to people living longer, there is a modest decrease for the use of the Public Safety table due to that population not living as long as the general population.

### **Modify the Timing Adjustment**

This change was made, because there is a significant time between the date the valuation is calculated for and the budgeted contribution to the fund. Thus, the actuaries felt that the contribution should be adjusted to take into account that amount of time. The quantifiable differences in making the change are to increase the Actuarial Determined Contribution from \$9.8m to \$10.4m. This change does not affect the funding level of the pension fund.

### **Lower the Interest Rate Assumption**

The city has been working hard over the past few years to get the interest rate assumption closer to the Actuarial recommendation of 6.4%. Last year the city reduced the assumption 10 basis points. This year it was only affordable to reduce it 5 basis points from 7.10% to 7.05%. The quantifiable differences in making the change is to decrease the pension funding level from 73.8% to 73.3% and to increase the Actuarial Determined Contribution from \$10.4m to \$10.6m.

### **Proposal and Statement of Work for an Experience Study**

Ms. Sielman reviewed a proposal for an experience study. It is a best practice per the Government Finance Officers Association to perform an experience study every 5 years. The last study for the Firefighters Pension Fund was done in 2014, so it is time to refresh the data.

Sielman reviewed the process and the deliverables from the study. Trustee Kutz asked if Milliman could take information from three sources. The City, which they work with on a daily basis, the Fire Department Administration and the Union. After discussion, Trustee Kutz agreed to combine the information from the Union and Fire Department Administration and provide it to Milliman.

### **Proposal and Statement of Work for a Risk Assessment and Asset/Liability Study**

Ms. Sielman reviewed a proposal for a risk assessment and asset/liability study. Sielman reviewed the process and the deliverables from the study.

Sielman recommended the experience study start immediately and the risk assessment follow in July. The experience study should conclude by June. The risk assessment study should take 6-8 weeks following the experience study.

Sielman commented that Milliman will need data from the previous actuary Hooker and Holcomb. It is information that Hooker and Holcomb would have had to give the auditors, so they should have it in their files. She warned that there may be a charge to the pension fund by Hooker and Holcomb for providing the information.

### **Approval of Previous Minutes**

Trustee Fountain had to leave the meeting early and requested that the minutes be approved prior to his departure. Trustee Kutz read the minutes from the January 6, 2020 regular board meeting.

A **MOTION** was made by Trustee Fountain and seconded by Trustee Freedman at 1400 to approve the minutes of the January board meeting. Motion **PASSED** Trustees Fountain, Freedman and Kutz in favor, None against, Chairman Golden and Trustee Palmer abstained (Golden and Palmer were not present at the January meeting).

Trustee Fountain left the meeting at 1410

### **Milliman (Continued)**

City Alternate Cohen asked Milliman about a final report for the risk assessment and asset/liability study. Sielman stated that the deliverable is a presentation with a live scenario tool. The board will have the ability to run different metrics through the tool to establish the appropriate level of risk associated with the assets and the liabilities. No final report was specified in the statement of work and will be provided if requested at additional cost.

A **MOTION** was made by Trustee Freedman and seconded by Trustee Palmer at 1415 to spend \$16,000.00 with Milliman to perform an Experience Study and \$10,000.00 to perform a Risk Assessment and Asset/Liability Study. Motion **PASSED** all in favor, trustee Fountain absent.

### **Old Business**

#### **Review of proposed changes to the Pension Trust Agreement**

No action taken

### **Review of request submitted by Mr. Kevin Beirne**

The board reviewed the request to continue a pension based on dependency and disability. The board discussed the issue at the January meeting and requested further supporting information from Mr. Beirne. He was unable to provide the information for the February meeting, however the information was received for this meeting.

The provided documentation was found to be in order.

A **MOTION** was made by Trustee Freedman and seconded by Trustee Palmer at 1455 to continue the pension of a firefighter payable to his dependent retroactive to the date of pension termination. Motion **PASSED** all in favor, trustee Fountain absent.

### **Medicare Reimbursement – CBA Article XIX, Item 4**

No new action, Trustee Fountain was absent

### **Pension Statements – Online system reporting**

No new action, Trustee Fountain was absent. However, Ms. Sielman stated that Milliman was working with the city to provide this and other services for other funds in the city.

Trustee Kutz stated that we should make no mistake that the lack of pension statements is not a problem for the pension fund. The responsibility for providing these services is that of the City Human Resources Department.

### **Comptroller Role**

Chairman Golden reported that the candidate being looked at came down with the flu and was unable to meet with him. He has rescheduled the appointment and will report back to the April meeting.

### **New Business**

#### **Beirne Wealth Consulting**

At the last meeting, trustee Palmer asked Beirne a question regarding “Green” investments, minority and woman owned businesses etc. Advisor Beirne responded with a discussion on “ESG” environmental social governance.

At this meeting Beirne brought 2 reports entitled “Women on Boards, a 2019 Progress Report” and “Natural Resources Sustainable Investing Guidelines”. He also brought a David Swensen (CIO of Yale) communication on climate change.

The board will review the information and discuss at the next meeting if any investment changes are appropriate.

**Change of Mayoral Trustee**

Trustee Freedman is the Mayoral Appointee to the Firefighter Pension Fund. Trustee Freedman announced that effective April 1, 2020, Mr. Stephen Cohen will become the Mayoral Appointee.

Chairman Golden thanked Trustee Freedman for his many years of service to the board and welcomed Trustee Cohen to the board.

**Invoice(s)**

The following invoice(s) was/were presented to the board for payment:

City of Stamford	\$4211.21	Payroll Processing Jan 2020
Mathew Palmer	\$50.00	Lunch for the February Meeting
Mathew Palmer	\$50.00	Lunch for the March Meeting

A **MOTION** was made by Trustee Freedman and seconded by Trustee Kutz at 1510 to pay each of the above listed invoice(s). Motion **PASSED** all in favor, trustee Palmer abstained, trustee Fountain absent.

**Correspondence**

None

Trustee Palmer had to leave the meeting due to a working structure fire.

**Approval of Previous Minutes**

Trustee Kutz read the minutes from the February 3, 2020 regular board meeting.

A **MOTION** was made by Trustee Freedman and seconded by Trustee Kutz at 1520 to approve the minutes of the February board meeting. Motion **PASSED** all in favor, Trustees Fountain and Palmer absent.

**Next Meeting.**

The next **Regular** meeting will be scheduled for **Monday April 6<sup>th</sup>, 2020 at 1200** in the Commissioner’s Conference Room at Fire Headquarters. The following items will be on the agenda:

- Investment Policy
- Review of the proposed changes to the pension trust agreement
- Medicare Reimbursement
- Pension Statements
- Comptroller Role
- Beirne Wealth Consulting will bring 3 fund managers for their annual review
- Discussion on Pension Increases due to market performance
- Ratification of Milliman’s recommended assumption changes in the 2019 valuation

- Process and sign-offs to pay pensioners

**Adjournment**

A **MOTION** was made by Trustee Kutz and seconded by Chairman Golden at 1530 to adjourn the meeting. Motion **PASSED** all in favor, trustees Fountain and Palmer absent.