CITY OF MIDDLETOWN
MINUTES OF THE RETIREMENT BOARD
Monday, May 18, 2020 at 9:00 am via WebEx

The Regular Meeting of the Retirement Board of the City of Middletown was held in room 208 of the Municipal Building

Board Members Present: Steve Gomes, Carl Erlacher, John Milardo, Sandy Pasculano, Vinny Loffredo, Linda Salafia

Board Members Absent: Mayor Fiorsheim, Joe Serra

City Employees/Public/Others Present: Diana Doyle, Gerry Goldberg (GYL), Michael Lepore (GYL)

- Meeting Called to Order at approximately 9:00 am

- No Public Comments on the Agenda

- Approval of Minutes - no motions to approve or reject
  - February 18, 2020 Regular Meeting
  - March 13, 2020 Emergency Meeting

- GYL Review
  - The Pension Fund value at the end of the 1st quarter was $395,488,765
  - Michael reviewed the performance of the Plan; noted that SLC/Fixed Income was the bright spot of the portfolio performing ahead of benchmark
  - Stated that conservative bent of active strategy provided downside mitigation (during Covid-19 economic crisis); and, Plan held up well versus absolute basis to peers and versus relative basis to benchmark
  - The OPEB Trust value at the end of the 1st quarter was $14,654,784
  - Michael advised Board that GYL removed Transamerica from watch list
  - Discussion of Risk Assessment Questionnaire with Board; Board will send RAQ to members that have not responded
o GYL recommended a tactical shift in the current asset allocation, maintaining the current ratio of 60/40; proposed an increase to Large Cap and Emerging Equity exposure with a reduction to Small Cap exposure

o Proposed moving away from current passive strategy of Large Cap investment, eliminating the S&P 500; recommended including Active strategy (for value) with Index (for growth); strategy geared towards Core with Value tilt and disciplined dividend strategy

o Recommended Fidelity Large Growth, using Russell 1000 Index; less expensive (lower fees) with greater selection than S&P 500

o Recommended Conning High Dividend Equity (Hartford based); offers conservative, income focused valuation, with heavy emphasis on quality names with sustainable dividend income streams; GYL negotiated preferential pricing for Plan

o $102mm proposed to be invested in Large Cap; 50/50 split between Fidelity and Conning; investment includes second phase of $23mm Fixed Income liquidation (approved at March 13, 2020 Emergency Meeting)
  
  • Vinny motioned to approve recommended Tactical Allocation (remaining at 60/40), as represented in GYL presentation, and was seconded by John
  • All in favor

  • John motioned to approve engagement of Conning into Large Cap Value/Core with combined utilization of Fidelity Index for Large Growth exposure, and was seconded by Linda
  • All in favor

o Michael advised Board that the recommended Allocation is within bounds of current Investment Policy Statement

- Reports: (informational)
  o Treasurer’s Report
  o Pension Management Fee Report
• Applications for Membership
  No applications for membership

• Requests to Retire/Collect/Vest
  Tina Loomis
  30 yrs
  BOE/466
  Henry Nunes
  23 yrs
  Public Works/466
  Charles Vannoy
  21 yrs
  Central Comm/466

• Deceased Pensioners
  Sebastian LaRosa
  Helene Raymond

• Adjournment of Meeting
  • Vinny motioned to adjourn and was seconded by John
  • All in favor

Respectfully submitted: Carl Erlacher