

APPROVED

South Fire District
of the City of Middletown
Pension Committee Meeting
Wednesday, May 27, 2020
10:30 A.M.
MINUTES

Present: Commissioner Deborah Kleckowski, Firefighter Terence Keenan, Lieutenant Tim Heiden, Cindy Gotta, Michael Callahan and Amy Schulman

1. CALL TO ORDER Commissioner Deb Kleckowski at 10:38am

2. MINUTES TO BE APPROVED

MEETING OF October 09, 2019 were reviewed by the Pension Committee

MOTION to approve the minutes of October 09, 2019 by Firefighter Terence Keenan/ Lieutenant Tim Heiden. Unanimously approved.

3. CHANGE IN AGENDA

Michael Callahan requested that a change in the order of the agenda be allowed.

MOTION to approve the change in the order of the agenda by Firefighter Terence Keenan/Lieutenant Tim Heiden. Unanimously approved.

4. REVIEW OF THE 4TH AND 1ST QUARTER 2020 FIDUCIARY REPORT

Mike Callahan began his part of the presentation on plan governance. He provided a detailed presentation on Fiduciary Duties and the functions that each member needs to consider in the deliverance of their duties as Committee members. The key note was that each member must put duty to the plan participants first, and recognize that these monies are “Other People’s Money” and prudent judgement void of conflicts of interest is required. Mike then went through the First Quarter of 2020 Quarterly Fiduciary Review. There were no recommended fund changes for this.

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5. DISCUSSION OF A SPECIAL REPORT ON TARGET DATE FUNDS FROM VANGUARD

March 31, 2020 had dismal results due to the economic shut down of the USA, and he recommended that the Committee look to the second quarter to see how some of the poorer performing funds rebounded from the March 31 results. Most, if not all the funds had been previously in the top 25% of their category and time should be taken before significant changes are made. Mike spent some time on the actions that the Federal Reserve took to provide liquidity to the Federal, State and Municipal, and Corporate bond markets to provide an explanation of why the bond markets declined when the interest rates were decreased by 1.5%.

6. UPDATES FROM AMY SCHULMAN ON LINCOLN FINANCIAL

Amy provided an update on Lincoln Financial Group (LFG), the recent security checks and improvements that were made due to the number of people working from home during the pandemic and the current ranking of LFG by the rating markets. Mr. Callahan added that Edu4retirement, Inc. also went through a security updates and review for the same purpose.

Amy then went on to discuss the Secured Retirement Income provision of the plan and how it works. She also covered the change in the crediting rate in the Stable Value Fund as of July 1, 2020. This change is primarily due to the significant decrease of the interest rates by the Federal Reserve.

Amy then discussed the fees from all providers from the plan. She closed her discussion with indicating that LFG is willing to provide educational services to the members of the plan. LFG has the Lincoln Wellness Path that they will be offering soon. Amy indicated that she will be providing information regarding the interactive tools that will be made available to participants.

7. REVIEW OF FEES.

Mike then went over the fees indicating that the fees are less than previously illustrated primarily based upon the weighted average of the fees from the participant selection. Initially, the fees were compared with the various vendors using a raw average of the funds for each since we cannot determine upfront what the utilization would be.

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8. NEW BUSINESS

Since the 457 plan was recently modified to add the Roth and annuity feature and the Money Purchase plan was modified to add the annuity feature, the members of the committee requested that Mike Callahan provide an educational session to the members regarding these two features and then allow for questions and answers regarding the plan in general. The request for live webinars for each platoon over an extended period of time. Mike indicated he would develop an educational program and coordinate with Cindy for establishing times to have the sessions.

8 ADJOURNMENT

The meeting was closed at 12:12PM

Submitted by,

Cynthia L. Gotta
Pension Committee Secretary