

Hartford Union Leaders,

- 1.) Net assets as of December 31, 2016: \$994 million.
- 2.) Earlier this month City Council approved a resolution to place all future NON-UNION hires into a Defined contributions plan. This **will not** impact retirement benefits of current non-union members who already have a defined benefits plan. If any member of a bargaining unit enters a non-bargaining unit position with the City he or she will stay part of the MERF so long as the hire date predates this resolution. Again, this switch is for new hires only and will not impact any member who has been contributing into the MERF.
- 3.) There was a discussion in the Pension Commission meeting about potentially lowering the discount rate (i.e. decreasing the assumed rate of return on investments) from 7.75% to a rate that is more realistic and achievable. This would not change the liability, but would increase the City's yearly pension contributions into the MERF. The State of Connecticut Employee Bargaining Agent Coalition (SEBAC) recently dropped their discount rate to 6.9%, and many other public pension funds have done the same around the country to reflect lower market returns. This is not a strategy the pension commission would implement without serious consideration, as there are many factors to consider.
- 4.) The OPEB Trust for Board of Education employees has been created and is being managed by the OPEB Committee, which consists of Pension Commission Members. An investment policy statement was drafted in concert with our pension consultants and recommendations on how to manage the Trust and maintain long-term solvency were discussed.
- 5.) The MERF recently sustained a \$390,000 loss from an investment in a technology company called Illumina for what was deemed fraudulent misrepresentation of their growth prospects. This is not an uncommon occurrence in the investment world, and the MERF is aggressively considering an option to file a securities lawsuit against Illumina for the losses. I encouraged the Commission seriously consider filing said suit on the principle that it's important for our employees to maintain trust in our investment managers.
- 6.) At the regional level, there was a plan recently disclosed by the Connecticut Conference on Municipalities (CCM) that, if approved by the state legislature, would potentially increase state aid to Hartford. However, the plan contained a caveat that the assistance not be used to boost wages or enhance pension benefits for its workers. Refer to the following article for more details: <http://ctmirror.org/2017/01/25/ccm-pair-sales-tax-hike-collective-bargaining-changes-to-shore-up-cities-and-towns/>

For more detailed information refer to the minutes posted to the treasurer's website - <http://treasurer.hartford.gov/>