



# TOWN OF MIDDLEBURY

## *Retirement Plan Committee*

### MINUTES RETIREMENT PLAN COMMITTEE MEETING Thursday, August 11, 2016 – 1:00 p.m. Town Hall Conference Room

**Present:** Edward Asselin, Chairman  
JoAnn Cappelletti  
Bill Stowell

**Also Present:** Attorney Robert Smith  
Larry Hutvagner, Chief Financial Officer  
Elizabeth Callahan, Administrative Assistant  
Barbara Whitaker, Recording Clerk  
Marc A. Ciociola, CRPS  
James Dorney, CRPS  
Anthony Polzella

#### **Call to Order with Pledge of Allegiance**

The meeting was called to order with the Pledge of Allegiance by the Chairman.

#### **Routine Matters**

##### Approval of June 9, 2016 Minutes

Mrs. Cappelletti MOTIONED to approve the minutes of the June 9, 2016 Meeting, SECONDED by Mr. Stowell. Unanimous approval.

#### **Chairman's Comments**

None.

#### **Public Comments**

None.

#### **Current Investments – UBS Representatives**

At this time the representatives from UBS made their presentation. There was some discussion on the volatility in the market. Second quarter earnings were up 2.14 and year to date they are up 3.8%.

Asset allocation looks great and all classes are covered. The P&C small cap manager is down and they don't think it should be down as much as it is. They would like to put it on watch until the next meeting. If it continues to lag, they would like to get rid of it and replace it with another fund.

They put an account, fund or manager on watch for many different reasons. When it is not the best one that they can find, they will give it a chance to come back. This fund is down 12%, and it got their attention. This is a small fund.

The Chairman asked who manages all of the Town's funds and if they are managed by quantitative manager. The representatives explained that Wilmington Trust hires sub-managers to handle the allocations.

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The Chairman requested that the bond manager's ratings be checked.

Mr. Stowell MOTIONED that the RPC would like UBS to put the P&C small cap manager on watch until the next meeting, SECONDED by Mrs. Cappelletti. Unanimous approval.

### **Old Business**

#### **Polzella Reimbursement Request**

The Chairman stated that he reviewed the correspondence from Mr. Polzella. There are issues involved that he has feelings on. The Chairman stated that the Committee would turn the request in for further analysis to the Board of Selectmen or Elizabeth Callahan. He feels that someone else needs to come in to help them with.

Mr. Polzella said that he did what he was told to do. Mr. Polzella explained that from the time he signed the documents on June 23<sup>rd</sup> with MetLife, he never received a response. He had no way of moving his accounts into different accounts. We lost John Somero, then there were two other vendors, and then there was a lack of communication. Mr. Polzella would like the Committee to call the Company directly. This company called the Town and received no response. Mr. Polzella said that the company took all of the expenses from his account, and additionally he lost because the market dipped. When he spoke with representative from Acentus, Acentus sent an email to the Town indicating that the money had been sent and they put it all in Mr. Polzella's account. The ability to do anything with his money was taken away from him by the Town. Mr. Polzella said that he did not cause the problem, he was told that he had to move the money.

The Chairman asked if he received a reason why he had to pay \$850.00. Tony said that he does not know why. The Chairman asked Mr. Polzella if he asked Acentus why the \$850.00 was charged. He did not receive the document until after all of the transactions had been done.

Mr. Polzella added that when John Somero stopped being the administrator, he was the only employee that was charged the \$850.00 for distribution fees.

The Chairman said that distribution fees can be for early termination. Mr. Polzella stated again said he was not given an option. The chairman said that he knows that some of the employees chose to stay with their plan. The Chairman is looking for an impartial person to come in and gather all of the facts.

Mr. Stowell said that the members of the Retirement Plan Committee are not authorized to make reimbursements. Mr. Asselin will forward this issue onto the Board of Selectmen.

Mr. Stowell MOTIONED that the Retirement Plan Committee forward Anthony Polzella's request for reimbursement to the Board of Selectmen, SECONDED Mrs. Cappelletti. Unanimous approval.

### **Questions from December 2015 Discussion**

Attorney Smith stated that the vesting schedule has always been ten years except for the Police. Attorney Smith said that it is five for police and the rule of 80 can be five and under and has nothing to do with eligibility but with when payments commence, that is what sets the vesting requirements. The rule of 80 applied to both public works and dispatchers. The change to Section 5.8 recognized that some people could vest in five years or less, but the requirement was that you had to work at least five years. That provision will never be the requirement for any current or future employee. No one new will enter into the defined benefit plan.

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At this time Attorney Smith stated his concern with hypothetical questions being presented to the Retirement Plan Committee. The Chairman said that the Committee would like to supply an answer to the employees' questions.

Mr. Stowell said he was asked whether they are going to get 50% or 100% if the employee passes and the surviving spouse receives the benefit. Ms. Callahan sent out a form asking for beneficiary information. They have to make a designation before they retire (on file) and when they retire they make their election. There was some discussion on the language of the selection of distribution of annuity.

Attorney Smith will review and research the second question and get back to the Committee.

**Change of 457 Consultant**

Mr. Hutvagner said that he discussed having a representative from Ion Bank available to assist employees with financial advice on their 457 plans. Mr. Hutvagner said he is looking at this for convenience with the employees. The Town does afford the employees two other plans, and the representative from Ion Bank can help people with the older plans. There are still some employees that did not change over to Mass Mutual. Mr. Asselin suggested just using Mass Mutual customer service. Mr. Hutvagner said that Mass Mutual will only consult on their 457 plan.

Mr. Stowell wants to see an agreement of what the CFP is doing, and he would like to see something that clearly outlines what the representative from Ion Bank will receive for making financial recommendations to the employees. Mr. Stowell expressed grave concern that the Town has been harmed by the last decision made by Mr. Hutvagner with New England Financial. The RPC wants to ensure that this does not happen again. Mr. Stowell wants to see something in writing. The Committee does not want to be liable to recommend anyone.

The Chairman said if the employees need information, they should call Mass Mutual. If they do not receive satisfaction with Mass Mutual, they should notify Liz. Mr. Hutvagner stated that the State of Connecticut Department of Labor is now regulating the 457 plans and added that there needs to be someone to educate the employees because he and Ms. Callahan are not financial planners. Mr. Hutvagner again stated someone needs to educate employees because he and Ms. Callahan are not financial planners; and the 457 plan changes must stop because there is no financial planner. Mr. Stowell said that the Committee needs to see the request from the Department of Labor in writing.

Mr. Stowell added that Mr. Hutvagner should receive RFP's from certified planners because this service is not provided free of charge. Mr. Stowell again stated that he wants Mr. Hutvagner to obtain something in writing from the Department of Labor that they are requiring the Town provide for the employees (what level of service) once that is done, the Town will go out to several Financial Planners that can provide the service.

The Chairman would like Joe Somero and Ion Bank send along RFP's as well. Mr. Stowell stressed the importance of the Town having something in place to hold the financial planner to their commitment, this being since the Town is required by law according to Mr. Hutvagner, so that their services can be terminated.

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**Donna Hine Benefit Calculation**

Mrs. Cappelletti MOTIONED to accept the benefit calculations for Donna Hine, SECONDED by Mr. Stowell. Unanimous approval.

**Adjournment**

Mrs. Cappelletti MOTIONED to ADJOURN, SECONDED by Mr. Stowell. Unanimous approval.

These minutes are submitted subject to approval.

Respectfully submitted,

*Barbara J. Whitaker*

Barbara J. Whitaker  
Recording Clerk