PENSION BOARD FOR THE BOROUGH OF DUNMORE

HELD:

Tuesday, December 13th, 2022

TIME:

6:00 P.M.

LOCATION:

DUNMORE COMMUNITY CENTER
1414 Monroe Avenue
Dunmore, Pennsylvania

P E N S I O N B O A R D S M E M B E R S:

VINCE AMICO, President

MAX CONWAY, MAYOR, Vice President

JOHN MALECKI - absent

WILLIAM BONAVOGLIA

GREG WOLFF

LAWRENCE DURKIN, ESQ., SOLICITOR

MARIA McCOOL, RPR
OFFICIAL COURT REPORTER

ATTY. DURKIN: So we could start the meeting with the roll call. Do you just want to go around the table, Max?

MAYOR CONWAY: Here.

MR. COLO: Ralph Colo.

MR. BONAVOGLIA: Bill Bonavoglia.

MR. WOLFF: Greg Wolff.

MR. AMICO: Vince Amico.

ATTY. DURKIN: Larry Durkin. We have the minutes from the last meeting which was on October 11th, 2022. It's the transcript. Can we get a motion to approve the minutes?

MR. BONAVOGLIA: I'll make a motion.

MR. WOLFF: Second.

ATTY. DURKIN: All in favor?

ALL MEMBERS: Aye.

ATTY. DURKIN: I don't believe we have any Old Business. Does anybody have any Old Business? In terms of New Business, Ralph, do you have your presentation?

MR. COLO: I do, yes. So the report as of December 1st showed the plan down year to date 10 percent. Our current allocation is approximately 52 percent in equities, 14 percent in cash, 12 percent in alternative and 21 percent in fixed income. A lot times I think with a plan like this, you know, questions how are we doing and sometimes compared to what.

And the article, of course, that was in the Scranton Times about the Scranton pension plan at a very similar time was down 18 and a half percent and us being down 10. So I think when we look comparatively to some of our peers, I was up in Matamoras yesterday for a pension meeting.

They are doing a proposal -- you know, they were down close to 20 percent year-to-date. And I think a lot of that has to do with really the approach that we've taken with this pension, of course, to be as conservative as possible, to look at dividend type of paying companies on the equity side and also on the fixed income side to really try to look for things with due dates instead of all bond funds.

So, you know, I think that the markets in general are down pretty substantially. These numbers were as of

December the 9th. The NASDAQ market which would be the growth stocks are down 29.1 percent, S & P 500 was down 16 and a half percent. And the U.S. Aggregate Bond Index was down 11.18.

So, you know, thankfully we're outperforming all of those indices. And I think, you know, a lot of it is because we're positioned I think very well in cash and really going into 2023, you know, hopefully to get some of that implemented.

That's what I talked about a couple months ago. And I think it still holds through today Morgan Stanley and my thought is that we're not through with some of this volatility. You know, it's our thought in a very quick period of time between now and really the end of March, you know, we could see a 10 to 15 percent fluctuation on the downside for equities.

What we saw today was inflation is starting to come down a little bit. But the fear that I have and that we as a firm have is now it boils down to earnings for companies and that will start to see those numbers, you know, sometime in January.

We're starting to see a little bit of layoffs from some of these larger companies and really their cost of capital clearly has gone up so, you know, the borrowing ability that some of these larger companies have. For some of the smaller type of companies, these are pretty much null and void right now.

That's where we're seeing, you know the NASDAQ or growth type of names down 30 percent. So fortunately we've, you know, we've sidestepped a lot of -- you know, we are still down for the year but comparatively to some of our neighbors and, you know, really to the major indices, you know, I think that we're holding up really, really well. Any questions?

One quick thing, it would be my thought hopefully in the first quarter or at least when we meet again in 2023 that one of the thoughts will be to get some of that cash actually back into some more equities. That's -- we want to be buying what others are selling and vice versa.

So we are definitely in a position to be able to do that, you know, to take advantage of some disjointedness in the market that we do expect to happen in the next 60 to 90 days. So, you know, by your next meeting I think the allocations might be a little bit different.

ATTY. DURKIN: What do you see is the trigger to convert cash into an equity?

MR. COLO: So, number one, Larry, I think we want to be adherent to the investment policy statement and make sure that we're in those guidelines. It's our thought that we're going to see earnings come down pretty dramatically in the first quarter. That is our thought.

And, you know, I think when we see some of those levels on the markets, you know, for instance 33 to 3,500 level on the Standard and Poor, which again is roughly 12 percent or so from where we are now, to me that would be a trigger point to get some of that cash to work.

You know, one thing, we're never all in or we're never all out. You know, these are longer term assets, of course, and we want them to grow over time. And again, you know, our call could be wrong and my thought process clearly could be off a little bit.

But I think that the thought would be if we do start to see that the market comes down a little bit, you know, the markets come down a little bit more, that we would start to, you know, dribble in some that of cash. So it really would be earnings, Larry. That would be the driver.

ATTY. DURKIN: Anybody else?

MR. WOLFF: I did talk to the clerical staff. I said there's an open spot. So Mark Burton is going to take it, that open spot. The other thing is -- and there was some e-mails back and forth. Bobby Dee, retired firefighter reached out to me about his COLA adjustment. He was part of that ruling.

ATTY. DURKIN: Yes. Ralph forwarded that to me and I told him I would look at it. I do remember, you know, about a year ago we went through that. I haven't had time to sit down and actually look at what I went through a year ago. I don't remember offhand and haven't had a chance to look at it, you know, in detail.

It's been at least a week or more.

So I'll move that up. And I guess the question is, is it just him or is it other people who are scheduled for continuing raises. I have to review it because I can't remember without looking at it.

MR. WOLFF: Yeah, I followed up with him yesterday. And he hasn't heard from -- he's not sure if the others got it -- Vince Arnone and some others. But knowing who they are, if they didn't get it they would have.

ATTY. DURKIN: Yeah.

MR. WOLFF: Bob is on top of stuff but so are they. But I don't have a real answer. I don't know if they did or did not.

ATTY. DURKIN: All right. I'll get back to you within the next week or so. I don't think we need to do anything yet but and I do think -- and Ralph and I talked about this. I do think it's valuable to have a record of any change in pension payments somewhere.

You know, because we've seen other instances where -- and frankly a review of the payments, we don't really have a plan administrator, you know, that some other plans have. And it kind of seems like it's kind of piecemeal between Ralph the custodian and Duda.

And that, you know, that's not really anybody's focus. Ralph's looking at investment and we're not looking at like raises and things like that. So mechanically in terms of how it works, we don't really have an HR Department that --

MR. COLO: If you remember there was somebody that, of course, a couple years ago had a larger payment than they should have. So there is a good example I think to your point to, you know, at least have it maybe looked at even if was annually, you know, some type of record.

And if there was going to be, you know, if it's Bobby Dee or whomever else, just where the Pension Board approves that on an annual basis and then there's a record of that as well.

ATTY. DURKIN: Yeah, if we need to approve something, we could do a special meeting. It could be done -- we don't have to wait until our next meeting is in March. We could get a notice out and get a meeting scheduled if we have to. This was an issue not just with the pension. That was more of an issue -- the one where payments -- large payments were made over a period of time to a couple of people.

You know, just the nature of any government, change, you know, personnel, contracts or awards or whatever, it's hard to keep track as people come in and out.

MAYOR CONWAY: There is two officers that have been out on long-term heart and lung. I don't know what their status is. But if they were to retire, that would be something that would impact this, correct?

ATTY. DURKIN: Yeah, so if they retire it would depend on what class are they in, like, when were they hired.

MR. BONAVOGLIA: One would be hired in -- well, we're going through the grievance. So it could go back to '97 for the one. The other one would be -- I'm going to say he's got to be here eight years, ten years.

MAYOR CONWAY: Like fourteen.

ATTY. DURKIN: All right. He shouldn't be part of this, right?

MR. BONAVOGLIA: But that was one of the questions I was going to ask. Is there a study being done on the pension fund for the police with possibly guys leaving and if it is, is there any way to get a statement out to the guys so they'd have an idea if they want to retire?

MR. COLO: Greg and I just talked about that. Hopefully by the end of the first quarter I will talk to the actuary to try to get those statements out for everybody. We talked about that earlier.

MAYOR CONWAY: He just got us numbers, didn't he? Didn't Duda get us numbers recently?

MR. WOLFF: No, that's what we're waiting on, right?

MAYOR CONWAY: He just gave us -- I think it was pension-related numbers at one point.

MR. WOLFF: That was for --

MAYOR CONWAY: That was Boyd and --

MR. WOLFF: That was for --

MAYOR CONWAY: That was different?

MR. WOLFF: Yeah, that was for

something else.

ATTY. DURKIN: The normal actuarial study which would be done this coming year, you know, it would be done with an effective date of January 1 of '23. I'm always a little confused by the statements you're talking about. The pensions are 50 percent of your final salary.

MR. COLO: So what I think was done in the past really where their benefit is as of a certain date, Larry. That's the statements that participants got. As we said, it was probably a couple years ago where that was done.

So, you know, that I think is something for, you know, in 2023 hopefully the beginning of it at least, you know, I'll have that conversation with the actuary tomorrow to try to get those prepared. And again, he may want to do the valuation first and then do the statements. But I'll get back to you.

MR. BONAVOGLIA: Like, Anthony Cali, he's -- I'll say 95 percent sure he wants to go. But we have to come up -- there's possibly a settlement where he would have to pay so much to buy his time back. So what is the outcome when that starts happening?

ATTY. DURKIN: Buy what time back, military time?

MR. BONAVOGLIA: No, service time. Guys got hired as active reserve. They worked 40 hours a week, in '05 came back after the civil service test was taken for every year forward you got a year back up until seven years.

So there is no contribution for them past seven years. So now there will be because they're working out an agreement. And how does that, like, impact if -- so we want -- two guys going that are going to be back seven years, one guy that may be just vested into the pension.

MR. COLO: Really Duda would have to do a calculation right, Larry?

ATTY. DURKIN: Yeah, because the calculation is what's the contribution that's owed, you know, for that window for that window that you're buying back because the contribution has to be paid in. Wasn't this a topic like a year ago?

MAYOR CONWAY: Is that the 1 percent, 2 percent thing? That's Paulson and Boyd. I think that's signed and worked out.

MR. BONAVOGLIA: Right. I think the union is actually voting on it now. So there was a meeting for the bid that I said I'm going to come down here. And some -- a couple guys asked if there was going to be -- because I guess Sal told them there was a study being done. So they were wondering is the study done, are they able to go?

MAYOR CONWAY: I don't know anything about a study. That's the first I'm hearing about a study.

MR. WOLFF: To my knowledge, they'll be able to go. And we are looking at -- we're trying to get Joe Duda the actuary to get us some preliminary numbers, informal numbers. I don't know if that would be the correct answer for Garzella, Ruddy, Cali. And then there's a couple firefighters and couple office staff.

MR. BONAVOGLIA: Me.

MR. WOLFF: You're not going. So there's a possibility of quite a few people going out in the next -- and then that will add to it too it there's more of you. But I think the answer you're -- or the question you're asking was, can we get some preliminary numbers; and we've been trying for about two weeks.

MR. BONAVOGLIA: Okay. They were asking me. I said I'll try. The other thing was, I know a couple asked me if they're vested. And they want to leave but they don't have their max years in. Are they entitled to a percentage?

ATTY. DURKIN: A percentage of their pension?

MR. BONAVOGLIA: Yes.

ATTY. DURKIN: Yeah, I think if they're vested, they are entitled to, like, if they're vested, they are entitled to a benefit. They are not entitled to a benefit they'd have if they stayed --

MR. BONAVOGLIA: Right. Just say they get 50,000 after 25 years and they only have, say, half of that in, do they get 25 percent of the -- because it's half or -- that's what some were asking. I don't want to put you on the spot with a number.

MR. AMICO: I know it doesn't work that way for us.

MR. BONAVOGLIA: I didn't think it was. They were asking.

ATTY. DURKIN: I don't know without looking at it. I know if you are vested you have a right to it at some point. What the amount is, I'd have to look.

MR. BONAVOGLIA: Some would be like 69 when they are able to go. So they are like we don't want to stick around.

MR. AMICO: Years-wise, years of service-wise.

MR. BONAVOGLIA: Well, by the time he gets to the years of service, he'll be 68 or 69. So he's like, if I'm vested, can I go? I said I'll ask. I don't know.

ATTY. DURKIN: You're definitely not going to get the full --

MR. BONAVOGLIA: I told him you won't get half. I said that's, like, if you made 100,000 you're not going to get 50,000.

ATTY. DURKIN: Yeah, I don't know what the calculation is without looking at it. And I don't want to guess. All right. So vested, leave early. It's kind of like, Greg, with you --

MR. WOLFF: Yeah, I didn't have the age. I had the years.

ATTY. DURKIN: You had the full time.

MR. WOLFF: And that's the difference, right?

ATTY. DURKIN: It sounds like it. Like, yeah, you would be entitled to 50 percent as of the date you left but not until you hit the age.

MR. WOLFF: But you're saying they won't have the years of service.

ATTY. DURKIN: They won't have the full years of service.

MR. AMICO: Greg's only penalty would have been if he started withdrawing -- if he wasn't working, period, and he retired at his age with the years of service that he had if he started taking from the pension, he would be theoretically penalized. I shouldn't say penalized. He wouldn't be getting what he should be getting if he waited.

MR. WOLFF: No, I can't get it

until --

ATTY. DURKIN: You can't get it until you hit the age. You can't get it at all.

MR. WOLFF: I wouldn't be able to get it at all. If I'm correct, the years of service are the big ones to get the full --

ATTY. DURKIN: To get the full thing, years of service are. I don't want to confuse it with another plan. You know, it varies. So I need to see it before I say anything else. But if I don't get back to you in a week, call me and say where the hell are you?

MR. BONAVOGLIA: I know it's the holidays and that and I threw a lot out there.

MR. COLO: Larry, you know too, I could call Duda tomorrow too.

ATTY. DURKIN: I'm going to be speaking to him tomorrow morning.

MR. WOLFF: Anything you guys could do to light a fire.

MAYOR CONWAY: Yeah, he's been rough.

MR. WOLFF: He was on vacation and

we have a time-sensitive issue with a couple of the office staff.

ATTY. DURKIN: This is why I'm speaking to him tomorrow.

MAYOR CONWAY: These officer numbers, this has been going on as soon as I came into being Mayor. We were waiting on Duda to get us numbers. But one of the officers who was out on long-term heart and lung came in and said he was -- he wanted to retire. Does that impact -- Ruddy, I think. I didn't know how that impacts.

MR. WOLFF: As a disability --

MAYOR CONWAY: So that doesn't --

ATTY. DURKIN: Presumably, if it's a disability, you know, he'll fall into that rubric. And then if you're disabled, then that's a different category than if you have years of service and age.

MAYOR CONWAY: Okay.

ATTY. DURKIN: All right. Anything else? Can we have a motion to adjourn?

MR. AMICO: I'll make that motion.

MR. BONAVOGLIA: I'll second it.

ATTY. DURKIN: All right. Any

opposition?

(Meeting adjourned.)

C E R T I F I C A T E

I hereby certify that the proceedings and evidence are contained fully and accurately in the notes taken by me of the above-cause and that this copy is a correct transcript of the same to the best of my ability.

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Maria McCool, RPR
Official Court Reporter

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