

PENSION BOARD FOR THE BOROUGH OF DUNMORE

HELD:

Tuesday, June 10th, 2025

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 :

JANET BRIER

MAX CONWAY, MAYOR - absent

GREG WOLFF

MARK BURTON

GREG KAMLA

EUGENE MENTZ

LAWRENCE DURKIN, ESQ., SOLICITOR

MARIA McCOOL, RPR
OFFICIAL COURT REPORTER

1 ATTY. DURKIN: All right. So we're
2 here for the June, 2025 meeting for the Dunmore
3 Pension Board. And in attendance we have?

4 MR. WOLFF: Greg Wolff.

5 MR. COLO: Ralph Colo.

6 MS. BRIER: Janet Brier.

7 MR. MENTZ: Gene Mentz.

8 MR. KAMLA: Greg Kamla.

9 MR. BURTON: Mark Burton.

10 ATTY. DURKIN: And Larry Durkin. So
11 the first item on our agenda is approval of the
12 minutes from the March 11th, 2025 meeting,
13 which we had previously forwarded to everybody.
14 Can we have a motion?

15 MR. MENTZ: I'll make a motion.

16 MS. BRIER: I'll second.

17 ATTY. DURKIN: On the question? All
18 in favor.

19 ALL MEMBERS: Aye.

20 ATTY. DURKIN: Any opposed? Okay.
21 Thank you. So we have one item of Old Business
22 to cover. It might be wise to take Ralph's
23 first and go out of order a little bit and take
24 Ralph's first in case there is any late
25 arrivals so we don't do anything twice.

1 MR. COLO: Thank you very much.
2 It's really been a tale of two halves. The
3 first half of this year, you know, the first
4 couple of months, the first quarter was
5 exceptionally poor for the markets.

6 They've rallied and really, the
7 account is doing very, very well. This was
8 through the 6th of June. Our returns right now
9 are a net 3.6 percent year to date. So that's
10 a gain of about \$671,000 for the Borough.

11 All the accounts combined, we broke
12 the 19 million dollar mark right now too which
13 is I think pretty significant.

14 MS. BRIER: Yeah, I mean, it was 17
15 I think when I started six years ago.

16 MR. COLO: It probably was. I could
17 even get those numbers.

18 MS. BRIER: But, I mean, we keep
19 distributing --

20 MR. COLO: Correct, correct. So,
21 yeah, we've seen not only income and rates go
22 higher and we've taken advantage of that. And
23 I think when we look at the allocation right
24 now there is about 50 percent in stocks and
25 equities.

1 There's about 13 percent in cash or
2 cash equivalents. And I'll talk about that.
3 We have about 23 percent of fixed income and
4 about 15 percent in alternatives. So the cash
5 position I don't think that this volatility is
6 going to end any time soon.

7 I think that we're going to probably
8 see at least through the summer. There was
9 some talk later this afternoon that there could
10 be, you know, there may be a trade deal with
11 China that gets struck in the next day are so,
12 also with steel tariffs from Mexico. That was
13 also discussed this afternoon.

14 So those things kind of got the
15 market a little bit more excited. We'll see
16 how it all plays out. I would expect a choppy
17 period of time between now and really the fall.
18 So, you know, I think the markets will probably
19 tread water.

20 The benefit that we're seeing really
21 is with the higher interest rates, we're taking
22 advantage of that. And why I bring that up is,
23 you know, with 50 percent in equities and the
24 other blend that we have, the income and the
25 rate of the return we're getting just off of

1 our income is about almost \$600,000 for the
2 Borough right now and that evaluates to about 3
3 percent.

4 MS. BRIER: That's annual.

5 MR. COLO: So, you know, that's a
6 pretty good number. Hopefully we have growth
7 in there in that 5 to 6 percent range. And
8 that gets us close to a 10 percent rate of
9 return.

10 MS. BRIER: What are we getting on
11 the cash?

12 MR. COLO: The cash is about 4
13 percent now, which is pretty good. Now, you
14 know, we don't have clearly everything in cash.
15 We manage to the investment policy. And that's
16 why we do have money in all of these different
17 areas.

18 But I think what may happen is when
19 we do get into the fall, we will probably see
20 rates come down a little bit. And that
21 actually may be a time where we -- I come with
22 a suggestion maybe to increase our equity
23 exposure to the investment policy statement.

24 But when we're able to get that type
25 of rate of return, a risk free rate of return,

1 you know, it behooves us to take advantage of
2 that which we are. You know, the least amount
3 of risk with the best return, I think is really
4 the goal. And, you know, I think that we're
5 really trying to accomplish that.

6 MS. BRIER: What's fixed income?

7 MR. COLO: So fixed income, Janet,
8 would be any type of bonds. That would be
9 government bonds, that would be cooperate
10 bonds.

11 MS. BRIER: Thank you. And the
12 alternative?

13 MR. COLO: And the alternatives,
14 there is sometimes hybrid of fixed income and
15 equities. There are -- alternatives would also
16 be like commodities, precious metals, real
17 assets. That also would come into the
18 alternatives.

19 So when we look at the allocation
20 and you could kind of see even by the pie
21 chart, you know, there is really -- we don't
22 have all of our eggs in any one specific
23 basket. And I think it's prudent and as a
24 fiduciary we want to have that type of blend,
25 you know, where we do have assets in all

1 different areas.

2 So, you know, I think that we've
3 done a fairly good job of doing that. The last
4 12 to months, number two, I'm very happy about
5 that. So, you know, we're up and even through
6 today. It's probably close to an 8 percent net
7 return we've seen over the last 12 months.

8 And that gain is about 1.3 million
9 dollars, you know, for that period of time over
10 the last 12 months.

11 MS. BRIER: So would we ever
12 consider Bitcoin?

13 MR. COLO: Good question, Janet. We
14 could only manage to the investment policy
15 statement. And that kind of leads into
16 typically the end of the third quarter or the
17 end of the fourth quarter, you know, the
18 beginning of next year to review the investment
19 policy statement.

20 Do I think something like that could
21 be something we would want to do? Probably
22 not. But that would be considered an
23 alternative. So when we look at alternatives,
24 there are other alternatives that we have, not
25 specifically Bitcoin.

1 And one of the other reasons is
2 because we cannot purchase that. It's not a
3 regulated asset right now. Now, that may
4 change. And if that does change, you know, I
5 think it would make sense for to us take a look
6 at it. But right now it is not regulated --

7 MS. BRIER: Morgan Stanley cannot
8 buy it.

9 MR. COLO: We cannot buy, no. There
10 are funds out there that mirror Bitcoin. And I
11 would say that the alternative sleeve that we
12 have which is about 15 percent, that's -- we're
13 getting very good alternative exposure as it
14 is.

15 And that is really the area where it
16 would be. The other thing that would be in
17 that alternative area, Janet, which has done
18 well for us is gold. Right, so that is
19 actually a commodity that we own inside of the
20 plan, which is done exceptionally well for us.

21 But I think, you know, really
22 reviewing the investment policy statement, you
23 know, at the end of the year, that will clearly
24 make some sense to do.

25 ATTY. DURKIN: Anyone else?

1 MS. BRIER: Thank you.

2 MR. WOLFF: Thanks, Ralph.

3 ATTY. DURKIN: It may be worth doing
4 any other new business that we have.

5 MR. WOLFF: I did receive a letter
6 requesting pension from Officer Bill Jordan
7 from the police department. He wants to enter
8 the DROP Program as per the ordinance -- the
9 DROP ordinance. So he has met all the
10 requirements. He's 55. He has 25-plus years.
11 So he meets all the requirements.

12 MS. BRIER: Is that two years, Greg?

13 MR. MENTZ: Eighteen months.

14 MS. BRIER: Eighteen months.

15 MR. WOLFF: So he'll be on the job
16 until December of 2026.

17 MS. BRIER: Good for him.

18 MR. WOLFF: And that is the only
19 application that I have.

20 ATTY. DURKIN: Okay. So should we
21 do a motion on that then?

22 MR. WOLFF: Yeah.

23 ATTY. DURKIN: Do you want to do the
24 motion?

25 MR. WOLFF: Sure, just request a

1 motion to approve Officer Bill Jordan from the
2 Police Department's pension and to enter the
3 DROP.

4 MR. MENTZ: I'll second.

5 ATTY. DURKIN: On the question? All
6 in favor.

7 ALL MEMBERS: Aye.

8 ATTY. DURKIN: Any opposed?

9 MR. WOLFF: That's all -- that's the
10 only application I have.

11 ATTY. DURKIN: Is there anything
12 from the public? All right. So we have one
13 item of Old Business. And, you know, for the
14 record, we've kind of done all of our other
15 business to give the opportunity -- make sure
16 everyone's had time to get here for it.

17 We had -- at the last meeting we had
18 consideration of a request by retired Officer
19 Anthony Garzella for a change to his pension
20 calculation.

21 And we had an extensive discussion
22 the last time which is part of the current
23 minutes. To summarize the history of this
24 issue, it began with an August 5th, 2024
25 correspondence from Attorney Dominick to Greg

1 Wolff in which his pension benefit was
2 questioned, specifically questioned as to
3 whether he should be receiving a 60 percent
4 pension. And I'll let the letter speak for
5 itself. But that is part of our record.

6 On February 7th, I responded to that
7 letter, which was before the Board in the March
8 meeting. On March 11th -- I'm sorry, on
9 February 7th, I also advised Attorney Dominick
10 that Officer Garzella's request for an increase
11 of pension would be placed on the Board's
12 agenda for the March meeting consistent with
13 the Local Agency Law.

14 Attorney Dominick was present at the
15 meeting and presented an extensive argument to
16 the Board as to why he should receive what she
17 was requesting. On June 9th, we received a
18 second letter which was somewhat addressed in
19 response to my February 7th correspondence in
20 which Attorney Dominick again, outlining why in
21 her opinion he should received an increased
22 pension.

23 She was aware -- this was Officer
24 Garzella that tonight would be -- the Board
25 would be voting on this matter. We've delayed

1 this vote through the rest of our business.

2 And this is the last item on our agenda.

3 So now before the Board is Officer's
4 Garzella's request for an increase to his
5 pension benefit. And what I would recommend is
6 someone make either a motion to approve it or
7 make a motion to deny the request and then have
8 it considered by the Board.

9 My position on it is unchanged from
10 my February -- from my prior correspondence.
11 The issues that Attorney Dominick raises in her
12 correspondence I think can be summarized in two
13 ways, one is that Act 600 allows a borough to
14 adopt a 60 percent pension benefit. And that's
15 true.

16 It does allow it, but Dunmore has
17 never done that. And more importantly, Dunmore
18 never did it during Officer Garzella's
19 employment. So I think that that eliminates
20 the first basis on which she's increasing the
21 increased benefit.

22 The second issue she raises,
23 substantive issue she raises has to do with Act
24 205. And there's reference in one of the
25 Borough's Act 205 reports that the Borough's

1 payment was calculated assuming a 60 percent
2 pension. Act 205, however, does not create a
3 pension benefit. It simply dictates funding.
4 It dictates how much money the Borough is
5 required to put in.

6 A pension is created either by an
7 ordinance or through the collective bargaining
8 process. And neither one of those ever
9 provided for a 60 percent benefit. So that is
10 my response to it. It really is unchanged from
11 what I said in February.

12 I think the Board's had the chance
13 to consider all of the information that is in
14 front it. So I think we're at a point where
15 you should probably vote on it and then we'll
16 provide him notice.

17 MR. WOLFF: 205 is essentially an
18 audit, is that -- would that define it?

19 ATTY. DURKIN: Act 205 is the state
20 law which dictates pension funding. It's
21 mandatory. It applies to every municipal
22 pension in the state. And it's -- as part of
23 that, there are reports that have to be
24 prepared. Joe Duda prepares and coordinates
25 with the Borough.

1 And based on those reports which
2 includes things like salary, contracts, all of
3 those things, a number is calculated which is
4 the Borough's Minimum Municipal Obligation,
5 MMO.

6 MS. BRIER: Yeah, Joe Duda gives us
7 that.

8 ATTY. DURKIN: Right. Joe Duda
9 gives us that. So that is what Act 205 does.
10 It is not like Act 111 that dictates collective
11 bargaining. One has nothing to do with the
12 other. It simply dictates how much
13 municipalities have to pay.

14 MS. BRIER: And we get that every
15 year.

16 ATTY. DURKIN: Yeah, you get the MMO
17 every year. The reports are done biannually.
18 And there are assumptions that go into it that
19 increase or decrease the amount of funding.
20 One of them is what age are people going to
21 retire at.

22 And if you are going to retire at
23 55, then it's going to be -- then you're going
24 to pay more than if you retire at 70.

25 MS. BRIER: The stock market.

1 ATTY. DURKIN: Yeah, that's a big
2 one. Like, what do we expect the investment
3 return to be, how many disabilities do we
4 anticipate, what -- so there is a lot of
5 assumptions in it.

6 But it is not a source of a labor
7 right. One has nothing to do with the other
8 or it doesn't create a labor right. Let me put
9 it that way. So that is what -- it's
10 complicated. I mean, the mandatory, it trumps
11 all other state laws, says that explicitly in
12 it. But it does not establish pension
13 benefits.

14 MR. MENTZ: So Act 205 aside, I had
15 the opportunity to review as we all did, the
16 argument that Attorney Dominick made. And one
17 of them was a 1992 to 1997 contract where it
18 was listed that there was a 60 percent
19 disability pension.

20 Has she provided us with any
21 information relative to Anthony Garzella's
22 tenure that would show that perhaps he was
23 entitled to it based on being employed or
24 vested between '92 and '97?

25 ATTY. DURKIN: No, because his

1 service with the Borough -- and I haven't seen
2 anything to contradict this. According to the
3 Borough's record, his date of hire as a
4 full-time officer during where he would start
5 to accrue a pension benefit was January 1, '05.

6 So under the Borough's ordinance,
7 you have a vested benefit after 12 years. So
8 the question is, what was he entitled to when
9 he vested in 2017.

10 MR. MENTZ: Would there be a
11 difference, perhaps let's say somebody was
12 hired through Civil Service in 1993 when the
13 CBA stated 60 percent? If that were to change
14 any time between then and the 12th year of that
15 officer's service, does that pension for that
16 officer then change or are they then
17 grandfathered under that particular CBA?

18 ATTY. DURKIN: They are not
19 grandfathered. Until you're vested -- when
20 you're vested, that's what dictates. You
21 cannot be changed at that point.

22 MS. BRIER: So it's what CBA is in
23 place when you are vested.

24 ATTY. DURKIN: When you're vested,
25 that is the trigger. And that was an issue in

1 the more recent Commonwealth Court cases where
2 we had certain people were entitled to raises
3 in excess of Act 600.

4 And in those Court's opinions, the
5 issue was when did they vest. When did they
6 vest, you know, when there was an increased
7 benefit, like, per ordinance or did they vest
8 after that date? And if they were after that
9 date, they're out.

10 And if they're before that date,
11 then they're in. But Garzella's not in any of
12 these discussions because he didn't -- they all
13 postdated -- I don't have the CBAs in front of
14 me. There was one where the negotiation was
15 that you would get an Act 600 pension and he
16 vested in that timeframe.

17 MR. MENTZ: So he would have to have
18 vested prior to '97 when the CBA changed it to
19 a 50 percent disability.

20 ATTY. DURKIN: Right. That's how he
21 would have fallen in under those other cases
22 where the Commonwealth Court said, you know,
23 okay, there are some people who are entitled to
24 greater than Act 600 COLAs.

25 MS. BRIER: We're still paying

1 those.

2 ATTY. DURKIN: We're still paying
3 those. And there's a group from the early 90s,
4 you know, who we're paying more than I think --
5 there was some that were paying 70 percent,
6 aren't there?

7 MR. WOLFF: Yeah, I don't know if
8 there is any 80 percenters left. But there was
9 an 80 percent group, and now most of them are
10 70 percent.

11 ATTY. DURKIN: But it depends on
12 when you vest. Vesting is significant.

13 MR. MENTZ: And we weren't provided
14 that date by Attorney Dominick in this
15 particular --

16 ATTY. DURKIN: We provided it to
17 her. We provided it to -- when this came up,
18 we looked up the Borough's records. And there
19 was -- this was a topic in an arbitration or a
20 grievance or arbitration?

21 MR. WOLFF: Well, it was a grievance
22 the arbitration award that gave those guys all
23 their dates, that one, that was most recent.

24 ATTY. DURKIN: And his was in that.
25 And it was in that at this date at January 1,

1 '05. So I provided that to her in my February
2 7th correspondence. I have not seen anything
3 disputing that. And I think he was -- he might
4 have been part time prior to '05 but the date
5 that mattered would be when --

6 MR. WOLFF: The vesting date.

7 ATTY. DURKIN: Well, the vesting
8 date, but when did you start contributing, when
9 are you full time, when you have a pension
10 benefit that you're earning as part of -- so
11 that was, I don't think anyone is disputing the
12 February of '05 date that I've seen.

13 MR. MENTZ: Yep.

14 ATTY. DURKIN: So with all of that,
15 does somebody have a motion either to approve
16 it or deny it? And then we'll go accordingly.

17 MR. WOLFF: So based off Attorney
18 Durkin's recommendation, I'll make a motion to
19 deny Anthony Garzella's request for increase.

20 MS. BRIER: I'll second.

21 ATTY. DURKIN: Okay. On the
22 question?

23 MR. MENTZ: I think we've had a
24 relatively decent discussion about the matter
25 before it went to vote.

1 MR. DURKIN: All in favor.

2 MS. BRIER: Aye.

3 MR. WOLFF: Aye.

4 MR. BURTON: Aye.

5 MR. KAMLA: Aye.

6 MR. MENTZ: Abstain.

7 ATTY. DURKIN: Okay. So the motion
8 passes. From here we should provide notice to
9 Officer Garzella through Attorney Dominick, you
10 know, what the Board's vote was and then that
11 triggers --

12 MS. BRIER: You're saying we. Who
13 would do that?

14 ATTY. DURKIN: I'll prepare it and
15 then it will be for your signature.

16 MS. BRIER: Okay. Thank you.

17 ATTY. DURKIN: And then that
18 triggers a right to go to county court if he
19 disagrees with us. And he has the record, you
20 know, we put on the record everything that the
21 Board had to consider and off we go -- or off
22 he goes. All right. That's all I have.

23 MR. WOLFF: That's all I have.

24 MS. BRIER: Motion to adjourn.

25 MR. MENTZ: I'll second.

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MR. KAMLA: Second.

MS. BRIER: Thanks. Thanks so much.

MR. WOLFF: Thank you.

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.

Maria McCool, RPR
Official Court Reporter

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