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**MEMORANDUM**

**TO:** CERF TRUSTEES

**CC:** LEANNA AMBERSLEY, PENSION ADMINISTRATOR and HOOKER & HOLCOMBE

**FROM:** CAROLYN W. KONE

**RE:** ADMINISTRATIVE EXPENSES FOR FY 2021-2022

**DATE:** JANUARY 15, 2021

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PLAN REQUIREMENTS

The CERF Plan requires the Board of Trustees annually to submit a schedule of estimated appropriations of money necessary for the administration of the CERF Plan, which amount is to be included in the City's payment to CERF (the Actuarially Determined Employer contribution (the "ADEC")).<sup>1</sup>

PAST PRACTICE

For at least the last 10 years, according to the P&F Fund's actuary, Hooker & Holcombe, the CERF Board has not submitted an estimate of its expenses for inclusion in the City's budget. Rather, the practice has been for the actuary to prepare a valuation report of CERF every other year. The valuation is made as of July 1<sup>st</sup> of even numbered years. The last time a valuation of the Fund was done was as of July 1, 2018. The actuary is in the process of completing the valuation as of July 1, 2020.

As part of the valuation, the actuary computes the ADEC for the two fiscal years following the fiscal year beginning on the valuation date. So, in the valuation report as of July 1, 2018, the ADEC was computed for the fiscal year July 1, 2019-June 30, 2020 and for the fiscal year July 1, 2020-June 30, 2021 (the current fiscal year). The valuation report as of July 1, 2020 will compute the ADEC for the fiscal years July 1, 2021-June 30, 2022 and July 1, 2022-June 30, 2023.

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<sup>1</sup> The Plan provides that the schedule of estimated appropriations is to be submitted to the Board of Finance, which was abolished many years ago. We interpret this to mean that the schedule of estimated expenses is to be submitted to the Board of Alders as part of its budget process.

The ADEC has included the estimated administrative expenses for CERF. These estimated expenses have been computed by rounding up the actual expenses for the fiscal year ending before the valuation date and increasing those expenses by an inflation factor for the two years for which the ADEC is being computed. The ADEC proposed in the Valuation Report and approved by the Board is sent to the Mayor's Office and is included in the Mayor's budget that is sent to the Board of Alders for approval for the subsequent fiscal year.

ACTION REQUIRED BY THE TRUSTEES

We are suggesting that to be in compliance with the CERF Plan, the CERF Trustees need to separately approve the budget for CERF's administrative expenses for FY 2021-2022. The actual administrative expenses for FY 2019-2020 for CERF were \$409,390.39. (See attached sheet detailing the expenses). In computing the City's projected contribution for CERF's administrative expenses for FY 2021-2022, the Actuary has rounded up the prior fiscal year's expenses to \$410,000.00 and added an inflation factor of 2.5% to arrive at a projected administrative expense budget for the upcoming fiscal year of \$430,500. In compliance with the provisions of the CERF Plan, the Board needs to vote on whether to approve this proposed budget for administrative expenses (or another amount) to be included in the budget for CERF to be submitted to the Board of Alders for FY 2021-2022 .

Please let me know if you have any questions.

**CERF Admin Expenses July 1, 2019 through June 30, 2020:**

ADR FEE	\$ (6,743.97)
Brenner Saltzman Wallman	\$ (48,694.22)
Cathy Graves	\$ (255.91)
City of New Haven	\$ (614.81)
* Danielle Bean	\$ (1,542.97)
Daryl Jones	\$ (61.40)
First State Trust Company	\$ (20,838.97)
Hooker & Holcombe	\$ (83,605.00)
Jerome Sagnella	\$ (2,029.54)
* Lisa Borelli	\$ (1,007.01)
Mario Zangari	\$ (36.00)
Morgan Stanley	\$ (3,950.85)
Northern Trust	\$ (50,574.17)
Raymond James	\$ (184,763.08)
Thomas Cama	\$ (1,072.49)
Yale Occupational	\$ (3,600.00)
<b>Total:</b>	<b>\$ (409,390.39)</b>

\* we are researching these expenses