

4 April 2016

**Officer Nicholas Trigila  
Employee Representative on the Pension Commission**

TESTIMONY PRESENTED TO THE COMMITTEE OF THE WHOLE --

Good evening Council President Clarke and members of this committee. I am Nicholas Trigila, Employee Representative on the Pension Commission, police officer, and lifelong city resident. I represent over 2000 active members of the MERF comprised of the Unions and non-bargaining members.

The ramifications of SB 464, in particular section 7, directly impacts the funded status of the MERF. For that reason **I OPPOSE A RESOLUTION IN FAVOR OF SB 464.**

The Mayor has suggested that the Pension Commission accept a 50% reduction of the ADC (Actuarial Determined Contribution) payment over the next five years, which will save the City over \$100 million. Those savings will most certainly be used to close projected budget gaps; however, the pension obligation will grow exponentially in the interim.

After consultation with our actuaries and pension consultants, this plan could lead us down the road to insolvency. If the market experiences another crisis, similar to 2008, our fund could drop to 28%. That's over half a billion dollars in losses that the City would still be required to pay. Such a drastic decline still will not change one fact – that pension contributions are an obligation, not a budget line item. It was in the spirit of the City's moral and legal obligations that its charter required the full ADC to be made on a yearly basis.

The City of Hartford has a yearly deficit problem, no different than the majority of cities and towns across the state and nation. We should not be addressing a deficit problem by creating a full-blown pension crisis in the process. Not only will reducing the ADC negatively impact our bond rating, but it will also increase the pension obligation amount substantially. This occurs through reduced capital infusion and lost investment opportunities.

The language in section 7 of SB 464 regarding the MERF authorizes that the City allow the fund to drop to 65%. Currently, we're at a respectable 78%. Based on analysis with our consultants, it would only take approximately 1.5 years of a 50% reduction to drop to that level. That's a saving of \$30 million for the City, which would then have to be paid back at an interest rate of 7.75% -- our assumed rate of return on investments. This is no way to address a financial crisis. To the contrary, it's a way to exacerbate it.

The Treasurer and Pension Commission have always looked for ways to help the city with its pension obligations, and will continue to do so moving forward. We extended the amortization

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table in order to smooth in asset losses that occurred during the economic crisis. We also maintain a generous assumed rate of return of 7.75% that reduces the burden on tax payers.

I don't offer a simple fix to our yearly deficit problem—because there isn't one – but the employees and I are willing to be part of the solution, along with all of the stakeholders who could potentially be a source of savings and revenue the City sorely needs.

I urge you not to support SB 464 and allow City government and employees to work together to be part of the answer. We did not get ourselves into this situation overnight, and we are not going to fix it overnight either. You, the elected officials, the labor unions, and community stakeholders can parse out needed changes over a period of time that is reasonable and will lead to economic sustainability. I urge you not to place the brunt of the sacrifice on the backs of the workers who've honored their contracts and made their pension contributions. It's important to keep morale of our workforce high, and be able to recruit and retain employees – especially in the public safety sector – who have already been seriously rattled by this bill. Have faith that we will be part of the solution while honoring your shared fiduciary responsibilities.

Thank you for your time and feel free to ask me questions.

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