

PENSION COMMITTEE
TOWN OF EAST WINDSOR
11 RYE STREET
EAST WINDSOR, CONNECTICUT

MINUTES OF SPECIAL MEETING
May 23, 2013 at 6:00 p.m.

Draft document – minutes are not official until approved at a subsequent meeting.

Members Present: Kathleen Bilodeau, Jason Bowsza, Edward Bowsza, Jerilyn Corso, David King, Tom Stremper, Denise Menard, First Selectman, and Dale Nelson, Selectman; Teresa Kane, Superintendent of Schools.

Members Absent: Everyone was present.

Others Present: Catherine Cabral, Pension Administrator/Treasurer; Selectmen Alan Baker and James Richards; Edward DeMarco, Chief of Police; Roger Hart, Deputy Chief of Police; Robert LeBreux, FA, Webster Bank; and Charles Olson, FA, Webster Bank.

Press: No one from the press was present at this Meeting.

I. Call to Order:

Chairman Bowsza Called the Meeting to Order at 6:03 p.m. in the Meeting Room at the Town Hall, 11 Rye Street, Broad Brook, CT.

II. Minutes Approval:

MOTION: To APPROVE the Minutes of the Special Meeting of the Pension Committee dated April 17, 2013 as written.

DISCUSSION: None
Corso moved/King seconded

VOTE: In Favor: J Bowsza/Corso/King/Nelson
Opposed: No one
Abstained: Bilodeau/E Bowsza/Stremper

III. Public Comment:

No one requested to speak.

IV. Communication:

Chairman Bowsza noted receipt of the following items:

1. Memo from Jeff Reimer, President of the Police Local 3583 dated May 23, 2013 which indicates the union's support for the hybrid pension plan.
2. Email from Joshua A. Hawks-Ladds, attorney at Pullman & Comley, LLC dated May 23, 2013 at 4:11 p.m. regarding Selectmen participation on the Pension

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Board. Treasurer Cabral noted this e-mail is the attorney's response to the question regarding the Pension Board's authority to vote on the hybrid pension plan.

3. E-mail from George J. Kasper, attorney at Pullman & Comley, LLC dated May 23, 2013 at 5:54 p.m. which reflects comments relative to the proposed Addendum to the Police Department Pension Plan

Chairman Bowsza noted time constraints regarding a member's attendance at this meeting. He suggested the Board consider taking Item of Business **VI – New Business/A) Discussion of Town Pension Defined Benefit/Contribution Plan** out of the posted Agenda order.

MOTION: To GO OUT OF ORDER and take Item of Business VI – New Business/A) Discussion of Town Pension Defined Benefit/Contribution Plan next.

Nelson moved/E Bowsza seconded/VOTE: In Favor: Unanimous

VI. New Business/A. Discussion of Town Pension Defined Benefit/Contribution Plan:

Chief of Police DeMarco and Deputy Chief of Police Hart joined the Board at the table.

Deputy Chief Hart suggested the East Windsor Police Department is diligent in maintaining demanding hiring practices to attract good personnel. Over the past year at least one officer left East Windsor for another department; while he indicated he liked working for East Windsor when asked the reason for his move he noted the difference in the benefits plan as a deciding factor. While employed in East Windsor he came under the Defined Contribution Plan (effective for personnel hired after July 1, 2007) but would be offered the Defined Benefit Plan in the new department. Subsequently additional officers expressed their intent to move to other departments – again due to their participation in the Defined Contribution Plan. Chief DeMarco noted a major concern for officers is the lack of disability coverage under the Defined Contribution Plan. Deputy Chief Hart echoed Chief DeMarco, noting if an officer is gravely injured on the job they receive their contribution and the Town's contribution but would then have to apply for workers' compensation disability for any additional monies.

Deputy Chief Hart reported that Treasurer Cabral requested Milliman to do an analysis of both existing plans, and to propose possible alternatives. The result of that comparison was represented in the document provided at the previous Pension Committee Meeting. The comparison includes two optional plans – Option A and Option A1 – and summarizes the costs to the employees and the Town.

Chief Demarco wished to address negative comments made in the newspaper regarding the Town's response to the pension issue. He suggested when employees are looking for disability for their children and themselves they are not disgruntled. They work in dangerous conditions but are highly motivated employees and there is a cost in keeping them in East Windsor. Deputy Chief Hart suggested the cost of employing an officer is

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roughly \$48,000 not including over-time pay; (some of the costs associated with a new hire were specified in the Minutes of Special Pension Committee Meeting of April 17, 2013). Deputy Chief Hart suggested the cost savings to the Town in retaining the officer who withdrew his application to another town was approximately \$50,000. Ms. Corso reiterated her comment during an earlier meeting that \$50,000 is a very conservative figure when not including overtime in the estimation.

Treasurer Cabral clarified that the pension change would affect only those officers hired after July 1, 2007; Selectman Menard noted it would also be the plan going forward. Deputy Chief Hart noted members of the Police Union chose Option A as their preference. Treasurer Cabral noted that following the Committee's motion made during the previous Meeting she contacted the pension attorney, Town attorney, and the actuary to draft the Addendum which would implement this change. She referenced the e-mail received today at 5:54 which addressed the pension attorney's comments.

Discussion followed regarding the history of the two current plans, the costs associated with the plans in East Windsor and other communities as well, and the path taken to provide the options to develop the hybrid pension plan. Chief DeMarco reiterated that with the Addendum the long term disability is added to the plan which enables officers to be on equal footing if an injury occurs. He reiterated that if the Board approves this proposal the hybrid plan would become effective July 1, 2013. Treasurer Cabral noted this Addendum does not change the Defined Benefit Plan document; this is an addendum that addresses the officers hired after July 1, 2007. Chief DeMarco noted generally Defined Benefit plans have become expensive and unsustainable for all Towns. All of these towns are looking for some type of hybrid plan and East Windsor is at the forefront of that initiative. Several municipalities have already expressed interest in the hybrid plan which East Windsor is considering.

Discussion followed, which included input from Selectmen Baker and Richards. Discussion included the cost of option A and option A1 to both the personnel and the Town, clarification that the hybrid plan under discussion provides disability coverage for all officers, the reference to similar comparisons – but not necessarily the same plan – possibly under review for other departments, and clarification that the decision before the Board this evening involves only the pension plan provided to the Police Department.

MOTION: MOVE TO APPROVE THE PROPOSED Addendum to the Town of East Windsor Pension Plan pertaining to the Police Department as presented by the pension attorney and the Town attorney and the actuary pending approval by the Police Union Local 3583 AFSCME Council 15.

Nelson moved/Bilodeau seconded/

DISCUSSION: Nothing in addition to comments during Meeting

VOTE: In Favor: Unanimous (No one opposed/No abstentions)

The Board RECESSED at 7:02 p.m.

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LET THE RECORD SHOW Ms. Corso and Mr. King left the meeting at 7:02 p.m.

**MOTION: To RETURN TO THE CALL OF THE AGENDA and take Item V.
Pension Investment Review.**

King moved/Bilodeau seconded/VOTE: In Favor: Unanimous

V. Pension Investment Review:

Mr. Charles L. (Chip) Olsen, and Mr. Robert (Bob) LeBreux, Senior Vice Presidents for Webster Financial Advisors, joined the Committee. Mr. Olsen provided a document – An investment Review for the period ending April 30, 2013 for the Town of East Windsor DB Pension. Mr. Olsen began by noting this has been a very difficult year worldwide; he then gave an overview of the status of various world markets, and noted various areas in which the economy is improving.

Mr. Olsen then began a summary of the status of the Pension Account. He noted that the ending balance for April, 2013 was \$17,374,019. Mr. Olsen then reviewed the breakdown of the various investment vehicles and their current market value.

Lengthy discussion followed regarding investment strategies, investment mix, the cash value of the various asset classes, and return on the investments made. Mr. Olsen and Mr. LeBreux then discussed various investment scenarios with the Committee.

Chairman Bowsza noted the next Pension Committee Meeting will be held on August 28th.

VI. Motion to Adjourn:

MOTION: To ADJOURN this meeting at 7:37 p.m.

Nelson moved/Stremper seconded/VOTE: In Favor: Unanimous

Respectfully submitted,

Peg Hoffman, Recording Secretary, Pension Committee