

**PENSION COMMISSION REGULAR MEETING  
TUESDAY, December 4, 2012  
FIRST SELECTMEN'S OFFICE – TOWN OFFICE BUILDING  
7:00 P.M.**

**Minutes**

**Present:** P. Perusse, F. Carpentier, M. Dunn, J. Morosani, J. Manes, B. Barnes, D. T. Wilson. Also present were Timothy Ryor from Hooker & Holcombe, Benefit Consultant and Actuary, Mitchell Fishman from the Board of Finance, and Jason Lathrop from the Board of education. The meeting was declared open at 7:00 PM.

**Minutes:** M. Dunn moved to approve the minutes of the August 14, 2012 meeting, and F. Carpentier seconded the motion. D. T. Wilson abstained due to his absence from the meeting.

**Actuarial Report:** Tim Ryor presented his firm's July 1, 2012 Actuarial Valuation Report for the Muni Retirement Plan, the Merit Service Plan, and the Board of Education Other Post Employment Benefit Plan (OPEB).

For the Muni Retirement Plan, asset gains relative to the assumed 7% return from 7/1/10 through 6/30/12 offset the forecasted increase in payroll cost resulting in an Annual Required Contribution (ARC) for the 2013/2014 year of \$827,885, up slightly from the \$812,645 of the previous year. The ARC for 2014/2015 year was set at \$843,734.

For the Merit Service Retirement Plan, the increase in assets over the assumed 7% amount and a decrease in actuarial accrued liability from \$187,729 for the most recent year to \$150,102 for both the 2013/2014 and 2014/2015 years.

For the OPEB plan, favorable experience relative to the number of covered retirees and to the cost of the underlying medical plans resulted in a 42% reduction in overall liability from \$5.37 million to \$3.12 million. During the Fiscal Year ending 2011 and 2012, the Town began the funding of the OPEB trust resulting in assets totaling \$620,872 as of July 1, 2012. As a result, the ARC will drop from \$544,000 to \$287,000 for the next two fiscal years, and in order for the Town to fund 100% of the ARC a cash contribution between \$50,000 and \$100,000 to the OPEB trust will be required.

Despite the recent outperformance relative to the assumed 7% level, questions were raised about the appropriateness of the 7% level given the very low interest rate environment and the investment allocation of 40% of the portfolio to fixed income. Tim Ryor said that the Town's 7% assumed investment return was at the very low end for Municipal plans in Connecticut. He also provided a calculation for what a .25% reduction would do to the ARC for the Muni and Merit plans. For Muni Retirement, each .25% reduction in assumed investment rate would result in a \$45,000 increase in ARC; for the Merit Service Plan, it would result in a \$15,000 increase to the ARC. Tim Ryor's presentation has been added to these minutes.

At 8:31 PM M Dunn left the meeting.

**Financial Update:** J Morosani presented the performance results for the 3<sup>rd</sup> quarter for the portfolios managed by the Union Savings Bank. All three portfolios modestly outperformed their blended benchmarks for the quarter, while all three remain slightly behind their blended benchmarks for the calendar YTD results ending 9/30/12.

J Morosani made a motion, seconded by F. Carpentier to increase the target asset allocation for cash from 0 to 2% and to reduce the target allocation for high quality fixed income from 35% to 33%. All approved the motion.

**Benefits Elections:** Harry Brown, a BOE employee, elected to receive a life annuity without death benefit consisting of a monthly payment of \$521.94 to commence September 1, 2012. J Morosani made a motion to approve, which was seconded by J Manes, and which passed unanimously.

**Plan Review:** P. Perusse gave a brief update on the Plan Review progress. She said that the review was on hold pending a decision from the First Selectman to approve the expenditure of funds to hire the actuary to review the plan. She expects the plan review to continue in February, 2013.

**Communications:** The Town Clerk has requested a schedule of meetings for the Pension Commission for 2013. The schedule of meetings is attached to these minutes and was approved following a motion made by J. Manes and seconded by D. T. Wilson.

**Future Agenda Items:** The Union Savings Bank will present 2012 financial results at the February 12<sup>th</sup> meeting. D. T. Wilson will discuss the new hire retirement plan with the First Selectman and will bring the issue up at a future Pension Commission meeting.

At 9:20 PM J. Manes made a motion to adjourn the meeting seconded by F. Carpentier.. All voted aye.

The next regular meeting of the Pension Commission will be on Tuesday, February 12th, 2013 at 7:00 PM.

Respectfully submitted,

John W. Morosani  
Secretary