

Old Saybrook Pension and Benefits Board
Regular Meeting, May 28, 2015
Meeting Minutes
Conference Room Town Hall

Members present: Suzanne Taylor, Ray Muratori, Paul Tracey, Lynn Dallas, and Carol Voigt

Absent Members: Eileen Torrenti, Carl Fortuna

Others: Tom Forma, Morgan Stanley; Sharon Migliaccio

Guests: Chelsea Graham, her friend Nick, Roger Goodnow

Meeting was called to order at 7:02pm.

Suzanne Taylor welcomed all present and introductions were made.

Comments from Public:

The guests introduced themselves and explained their reasons for attending the meeting. Chelsea Graham explained that she is the daughter of the late Vicky Duffy and was present because of a discrepancy in the amount of the life insurance benefit she received through the Town's policy and what she was supposed to receive. Suzanne Taylor asked Chelsea to read the letter that she had sent to the Board and she did. Roger Goodnow, former Probate Judge for the Town of Old Saybrook and former First Selectman, explained his reason for being present as he is serving as Executor for the Estate of Vicky Duffy. He explained that the life insurance policy through the Town was an implied contract and that the Town should make good on what was promised to the retiree, Vicky Duffy.

Minutes of April 23, 2015

There was a correction noted on the first page, under comments from public and Chair, third line down reads "and the insurance company the holds the policy" should read "and the insurance company that holds the policy."

Ray Muratori made a motion to accept the minutes as corrected from the April meeting. Lynn Dallas seconded the motion. All voted in favor and the minutes were accepted.

Chair's Report:

Suzanne Taylor reported that she, Carrol Voigt and Sharon Migliaccio attended the recent CPPF seminar. Sharon Migliaccio commented that Attorney Bruce Barth did a nice job explaining why having a DBP was a better choice in the long run and Defined Contribution Plans (DCP) should be a supplement to the DBP.

Suzanne Taylor also mentioned that she is in receipt of the OPEB (Other Post Employment Benefits) draft Valuation. Of note is that life insurance is included in the draft. Also discussed at this time was the fact that the money for life insurance and healthcare are both paid out of one general town account. Tom Forma noted that it is recommended that these premiums be paid through the OPEB fund. It would keep things cleaner for audit

purposes. The funds to pay the premiums would be deposited into the account and the premiums would come out of the same account – the retiree benefit account.

Discussion continued about the yearly cost of health insurance for retirees. The total premiums for all employees (including retirees) is approximately \$7000 per month. Retirees make up about 1/3 of the number of insured. Suzanne Taylor also noted that although the OPEB draft does include information on life insurance, the information is incorrect. Again, all agreed that these premiums should be paid out of the retiree fund.

Lynn Dallas made a motion to recommend to the Board of Finance and the Board of Selectman that premiums paid by the Town of Old Saybrook for retiree health insurance and life insurance flow through the OPEB fund. Ray Muratori seconded the motion. Discussion ensued regarding this being a premature decision. Suzanne Taylor added that the fund should be active – the payments and premiums should flow through the account thereby producing an audit trail. The motion was amended by Lynn Dallas to recommend to the Board of Finance and the Board of Selectman that the premiums paid by the Town of Old Saybrook flow through the OPEB fund thereby creating an audit trail. Ray Muratori seconded the motion. All voted in favor and the motion passed.

Suzanne Taylor shared an article from the May 28th edition of the Hartford Courant titled the Insurance Bill Gets Final Okay. The article indicated that towns and cities can now enroll in the State Health Care plans. The bill had passed both parties and the Governor was expected to sign the bill. The article noted that the town of Plymouth could save as much as \$326,000. Members speculated that this may be the answer to the Cadillac Plan.

Two Requests for Retirement have been received and the appropriate applications have been filed. One was from public works and the other for a town employee. There was also a request from a Police Officer who has worked less than 15 years, is under the age of 55, is vested and wants to leave employment with the Town. After checking with our actuary a statement was delivered to Chief Spera specifying the amounts that would be received when he becomes eligible for either an early retirement benefit or at 60 when eligible for a normal unreduced retirement pension. Also before the other two retirement applications can be authorized it is necessary to have proof that neither's spouse objects to not being designated for a survivor spousal benefit and thus the retiree can collect the pension unreduced for this coverage. Thus the request is pending..

Investment Reports:

Tom Forma reported that essentially the funds are doing well. They are on target with one month to go. He also reported that there are still issues with the historical information in the report as the kinks are still being worked out in the new system being used at Morgan Stanley. Suzanne Taylor asked if Tom would send the report to Steve Lemanski. He said he would. Suzanne Taylor also asked about a category called 'Alternatives'. Tom explained that in the Morgan Stanley report, Alternatives mean Real Asset, Real Estate as well as Real Estate Investment Trusts.

Tom Forma shared information contained in his report regarding how each fund is doing compared to the appropriate index. Overall, all funds and managers are doing well.

Suzanne Taylor shared the report received earlier in the day from ICMA/RC. She asked Tom Forma his thoughts on the report. Tom commented that one third of the money is in a Stable Value Fund – which he indicated was a good thing. The strategy to allow the bonds to mature makes it a safety zone. The fund is stable.

Suzanne Taylor reminded the board about the incentive that was brought up by Laura from ICMA/RC. Laura had indicated that some towns were using a monetary incentive to get their employees to invest in a 401k. Discussion continued as to where the money for those incentives would come from. All agreed to ask Laura at a later date how other towns have funded the incentive.

Brown and Brown will be coming to the town on Wednesday, June 3rd from 1 – 4 to speak to employees. Suzanne Taylor asked if someone from the Board might be able to attend to see what Brown and Brown has to say about our health insurance plan and other benefits. Carol Voigt said she would attend. Sharon Migliaccio said she would attend. Paul Tracey will check his schedule and try to attend.

Old Business:

Actuarial Matters

Further discussion of Life Insurance Benefits ensued. Lynn Dallas presented a brief report from the sub-committee formed to look into the life insurance issue. Lynn reported that Brown and Brown is doing a full investigation of the history of the life insurance policies and the committee was awaiting further information. Ray Muratori indicated that no decision has been made at this time. Further discussion continued regarding the issues. The committee indicated that there is extensive research being done by Brown and Brown.

Sharon Migliaccio indicated that the Board does have a schedule of insurance for current employees provided by the Hartford to Brown and Brown. Sharon presented the full policy. Suzanne Taylor indicated that the first time Sharon saw this policy was on April 17, 2015, altho it is dated in 2012. Further discussion ensued including comments by the guests in attendance.

It was affirmed that the Board cannot offer an opinion at this time to Chelsea Graham as her request appears to be in litigation.

Lynn Dallas made a motion to have a special meeting for the purpose of further discussion re recommending a resolution of the status of retiree life insurance available to current retirees. Ray Muratori seconded the motion. All voted in favor and the motion passed.

Further discussion of the study on pension plan:

Suzanne Taylor indicated that all Board Members should have received a copy of the Milliman proposal for this study. Discussion ensued. Ray Muratori made a motion to engage the most competent professional to do a study of our current pension plan options and alternatives for reform. Lynn Dallas seconded the motion. Discussion ensued. All voted in favor and the motion passed. Suzanne agreed to contact Hooker and Holcombe and Segal Company to request their interest in offering us a proposed plan of study. Several months ago she had received such an inquiry from Hooker and Holcombe offering to provide such to us. No formal RFP is to be made at this time. It will be decided later if we need to put out a more formal notice concerning our interest. Certainly anyone interested should be able to apply.

The meeting was adjourned at 10:05pm.

Respectfully submitted,
Kathy Duncan, Secretary