

Old Saybrook Pension and Benefits Board
Regular Meeting, October 22, 2015
Meeting Minutes
Conference Room Town Hall

Members present: Suzanne Taylor, Carol Voigt, Paul Tracey, Eileen Torrenti, Ray Muratori, and Lynn Dallas. Absent: Carl Fortuna. Others: Sharon Migliaccio; Kathy Duncan; Tom Forma and Kevin Nichols (Morgan Stanley); Ryan Kubasek (Neuberger Berman)

Meeting was called to order at 7:05pm. Suzanne Taylor welcomed all present and introductions were made.

The Board acknowledged the recent passing of Carl Fortuna's father and sends sincere condolences to Carl.

Minutes of September 24, 2015.

Motion to accept minutes was made by Paul Tracey, seconded by Lynn Dallas. All voted in favor. Motion passed.

Chair's Report:

CPPF meeting is October 28, 2015 at Water's Edge, Westbrook. Please let Sharon know if you wish to attend as soon as possible.

Deaths: Robert Kelly and Helene Johnston. Retiree's life insurance issue is still not resolved. The Hartford reports it is still auditing the information. Chuck and Sonya from Brown & Brown have been reviewing this issue. Ray Muratori will contact Sonya to get contact information for the representative at The Hartford. If necessary, the Board will go to the Insurance Commissioner for the State of CT.

New Retirees: Cole Bushnell, former Fire Marshall. Sharon Migliaccio will send a congratulatory note on behalf of the Board.

Ray Muratori – "Record of Accomplishments". Suzanne Taylor shared a recent letter that was written by Ray Muratori in support of Carl Fortuna's reelection. The Board concurred with the views expressed in the letter and it was suggested to include some of the sentiments expressed in the letter in the intro to the new pension reform study.

Investment Report:

Ray Muratori asked for an updated status of the accounts in regards to the recent market swings. Tom Forma reported that the market recovered within the first two weeks of October. The market has been very volatile. Overall, the Pension accounts have had a 3.97% return for the fiscal year. Most towns are reporting that they have had a 2% return for the fiscal year. Tom Forma reports that relative to other towns, Old Saybrook is doing well – but not as well as what we need to do.

The Town accounts with Morgan Stanley have now been funded. The checks have been deposited bringing the balance in that account to approximately \$499,000. The good news is that we are not spending principal.

Ryan Kubasek then reported on Neuberger Berman. Neuberger Berman has been in existence since 1939 always with the same theory – Protection first, growth after. They have always done business in this same fashion and the plan is to continue the same. The firm always has a plan in place to "exit stage left" if there is a need. Ryan reported that Q3 lagged late summer compared to their benchmark

because of the way the firm does business – they don't invest in Asset Backed Securities or Commercial Mortgage Backed Securities. However, Neuberger Berman has outperformed their benchmark YTD with less risk. Safe first, growth second.

Ray Muratori asked about the expected rate changes through the Fed. He asked if Ryan thought that the market has already absorbed the expected rate change, before the rate change even happens. Ryan agreed that yes, the market is ready for the change – whenever it happens. Ryan also mentioned that Social Security has not had a COLA which can be an indicator for a rate change or not. The Board agreed that they have been happy with Neuberger Berman.

Meeting schedule: Next meeting is Thursday, November 19, 2015. A December meeting was discussed as there will be a large gap between the November meeting and the January meeting which will be the fourth Thursday. There was discussion as to when to meet in 2016 – days vs. evenings. No decision was reached and will be discussed again in November.

ICMA: Suzanne Taylor shared the quarterly report from ICMA. There is some confusing information reported with the ending balance being negative. Paul Tracey volunteered to get in contact with Lisa from ICMA to review the report. The recent ICMA reports were given to Paul for his review.

Actuarial Matters: Steve Lemanski will be at the November meeting to present an update from Milliman, when it is expected that the 2015 valuation will be available.

Applicability of Social Security offset on retired Police Pensions: It was stated that when a retired Police Officer reaches age 62, with 25 years of service that they are not subject to a reduction in their pension benefit. The Old Saybrook Pension and Benefits Board is in receipt of a formal opinion from Attorney Miguel Escalara that both Donald Warren and John McConochie are entitled to their full pension without the Social Security offset.

Disability Pensions re: James Stone and Janice Bagwell.

The Board accepted the letter from Social Security as proof James Stone is still disabled. See attachment. Lynn Dallas made a motion to continue disability payments with documentation from Social Security regarding disability. Eileen Torrenti seconded the motion. All voted in favor and the motion passed.

Janice Bagwell's disability pension may be affected because she did not have 25 years of service. Ms. Bagwell went on disability in 1997. She had a total of approximately 16 years of service. Attorney Ray Muratori reviewed the letter from Attorney Miguel Escalara to try to gain clarity regarding when the social security offset is applied. The letter seems to be in need of further explanation and so Ray Muratori will contact Mr. Escalara for further clarification.

Pension Reform Study Status:

Having reviewed the Discussion Draft and recalling the two vendor proposals made at the September meeting the Board considered them again. Carol Voigt made a motion to vote to have Steve Lemanski's firm do the study. Lynn Dallas seconded the motion. Discussion ensued. Lynn Dallas called the question. The vote was then called. All voted in favor and the motion passed.

Ray Muratori made a motion to adjourn the meeting at 9:02. The motion was seconded by Lynn Dallas. The meeting was adjourned.

Respectfully submitted,
Kathy Duncan, Clerk