

Old Saybrook Pension and Benefits Board
Regular Meeting, November 19, 2015
Meeting Minutes
Conference Room Town Hall

Members present: Suzanne Taylor, Carol Voigt, Paul Tracey, Ray Muratori, and Carl Fortuna. Absent: Lynn Dallas, Eileen Torrenti. Others: Sharon Migliaccio; Kathy Duncan; Tom Forma and Kevin Nichols (Morgan Stanley); Brian Clancy (Davidson); Guests: Jay Rankin (OSPD/OSFD); Brian Ziolkovski (OSPD); JT Dunn (OSFD)

Meeting was called to order at 7:00pm. Suzanne Taylor welcomed all present and introductions were made.

Upon the arrival of Police Officer Brian Ziolkovski, Suzanne Taylor invited him to speak before the Board. Officer Ziolkovski addressed the Board regarding the Pension Plan for the Old Saybrook Police Department as he is the Union President. He indicated that the Police Department was in the process of preparing to negotiate their next contract and emphasized their interest in the Board's Pension Plan Study and offered to be helpful wherever they can.

Minutes of October 22, 2015.

Motion to accept minutes was made by Paul Tracey, seconded by Carol Voigt. All voted in favor with one vote abstained. Motion passed.

Chair's Report:

CPPF meeting was October 28, 2015 at Water's Edge, Westbrook. Several Board members attended and thought the information provided was informative and interesting. Suzanne provided a handout prepared and presented at the conference by two colleagues of the law firm, Kaanen, McHale and Escalara, our negotiation advisers.

Deaths: It was noted that 4 deaths have occurred in the last 2 months and request for payments of life insurance to beneficiaries has been forwarded to the Hartford. Dr. Taylor then asked for the Chair's prerogative to move administrative matters ahead. Ray Muratori moved to Approve, with a second by Carol Voigt. The motion passed.

The 2016 meeting schedule was presented to continue on the 4th Thursday of the month, with no December meeting, but adding an early January meeting on January 7th. Paul Tracey indicated that he would be out of town at that time but would conference call in to the meeting. A motion to accept the 2016 meeting schedule was made by Carol Voigt. Ray Muratori seconded the motion. All voted in favor and the motion passed. Please note, in addition to the early January meeting, there will be the regular 4th Thursday meeting.

The Board is in need of a new Secretary as this is the last meeting that Kathy Duncan will attend. Members were encouraged to make recommendations for a new secretary. Carl agreed to consult with the interim Finance Director for her suggestions. Also further advertising may be necessary.

Election of 2016 Chair: Carol Voigt nominated Suzanne Taylor to continue serving as Chair. Ray Muratori seconded the motion. All voted in favor and the motion passed.

Investment Reports:

Tom Forma reviewed the documents that were sent out to all Board Members ahead of time. Of note, the Old Saybrook Pension Plan was the top earner of all accounts held by The Forma Group. Mr. Forma then introduced Brian Clancy, CFA, Portfolio Manager of Davidson Investment Advisors.

Mr. Clancy provided a Multi-Cap Equity Investment Strategy Review for the Town of Old Saybrook. Mr. Clancy explained that as a Multi-Cap Fund, they are a more opportunistic manager and are more flexible with their funds than Large, Medium or Small Cap managers can be. Davidson manages 10% of the Old Saybrook Pension portfolio.

Steve Lemanski from Milliman spoke regarding the recent valuations of the 2 pension funds. Re the Old Saybrook Fire Department Pension Plan he explained there was a significant increase required in contributions due to large number of recruits that had joined the department. Many of those have left the department so it is expected that the contribution will level out within two years. Discussion also ensued concerning the valuation of the town pension plan

Suzanne Taylor questioned why the stocks are only at 65% of the pension fund when the Board authorized up to 75%. Tom Forma explained that the reason that the stock limit needed to be raised was to "remove the lid and let it grow when it happens".

Discussion ensued regarding the process of moving funds in the pension plan from stocks to bonds. Tom Forma indicated that at this time the group would speak with the Board before moving any funds. The ability to move funds at the discretion of the Forma Group was brought up – to be able to take advantage of opportunities that need to be acted upon quickly. All agreed that there would need to be strict guidelines established if discretion was to be given to The Forma Group. This discussion will be continued at a later date.

Consideration of an additional manager for The Healthcare Portfolio has been postponed until early January as a continuance from the discussion at the September 24, 2015 meeting.

Actuarial Matters: Steve Lemanski noted that the OSFD pension plan has its valuation done every other year. Mr. Lemanski provided two options for the OSFD pension plan changes for Fiscal Year 2017-2018. Discussion ensued regarding the benefits of each option. Paul Tracey made a motion to select Option A. Ray Muratori seconded the motion. Discussion continued regarding the funding of the plan. There was a call for the vote. All voted in favor and the motion passed.

The Town Pension Plan options were then presented. It was noted that the Town Plan has a valuation done on a yearly basis. Discussion ensued. It was noted that the Pension Reform Study may help change the outcome next year. Paul Tracey made a motion to go with Option A for the Town Plan. Carl Fortuna seconded the motion. Discussion ensued. The vote was called. All voted in favor and the motion passed.

Consideration of Pension Reform Study: Carl Fortuna did share that the Board of Finance approved \$10,000 for the Pension Reform Study.

Determination of Disability Pension Amount Upon Reaching Normal Retirement Age: A determination was made and a formal legal opinion issued by Attorney Escalera that someone on disability who reaches normal retirement age will then receive the disability as their normal retirement benefit. A letter informing Jan Bagwell of the decision in her favor will be sent to confirm there will be no change in her current pension. Two additional letters will also be sent to Retirees Warren and McConchie confirming that since they had 25 years of service when they reached normal retirement age there will be no reduction in their benefits.

Retiree Life Insurance Benefits: : Carl Fortuna shared that he is very concerned about this topic currently as The Hartford is not willing to cover the full amount of life insurance that was promised to retirees – but they are willing to refund overpayments on policies they would cover for retirees that were insured for ½ their salary. This is an unfunded liability. Carl Fortuna reported that AIG was willing to cover all retirees for what they were promised, plus current retirees for an amount to ½ their base salary up to \$50,000 with an age reduction of 25% at age 70 and an age reduction of 50% at age 75. AIG will keep the annual premiums level for a period of three years. Carl asked for a consensus from the Board in support of going with AIG. Also AIG will audit the policies. Life insurance is not collectively bargained. The Board provided a consensus.

ICMA: Paul Tracey spoke with Laura Hancock regarding the 457 plan. They agreed that it would be a good idea for a representative from ICMA to speak to the Board once per year, in September. In addition, Paul Tracey will contact Laura Hancock after the closing of each quarter to request a copy of the quarterly statement.

Other: There is an interim Finance Director, Leigh Ann Palladino who is covering for Lisa at this time. She is doing a wonderful job so far.

Paul Tracey made a motion to adjourn the meeting at 9:50pm. Ray Muratori seconded the motion. The meeting was adjourned.

Respectfully submitted,
Kathy Duncan, Clerk