

Town of Old Saybrook Pension and Benefits Board
Regular Meeting, April 28, 2016
Meeting Minutes
Town Hall Conference Room

Members Present: Suzanne Taylor, Lynn Dallas (via conference call), Paul Tracey, Carol Voigt. Absent: Ray Muratori, Eileen Torrenti, Carl Fortuna . Others present: Accounting Liaison Sharon Migliaccio, Secretary Timothy Kellogg. Financial Consultants: Kevin Nichols, Tom Forma (Morgan Stanley), and Interim Finance Director Lee Ann Paladino. Sean Conner (Delaware, via conference call).

Welcome

Chairperson Taylor welcomed board members and guests to the meeting. The meeting was called to order at 7:03 PM.

Minutes

The minutes of the March 24, 2016 Regular Meeting were reviewed. **Motion** by Lynn Dallas and seconded by Carol Voigt to approve the minutes of the March 24, 2016 Regular Meeting. All in favor. Minutes approved. The Special Meeting minutes were reviewed. **Motion** by Carol Voigt and seconded by Paul Tracey to approve the April 21, 2016 Special Meeting minutes. All in favor. Minutes approved.

Chair's Report

Chairperson Taylor reported on the CPPF Spring Forum taking place on May 11, 2016. Board members desiring to attend need to inform Sharon by next Wednesday, May 4. Chairperson Taylor reviewed the speakers and topics for the forum.

Investment Reports

The Delaware investment report was given by Sean Conner, head of fixed income product at Delaware, via conference call. Sean is an intermediary at Delaware. Sean highlighted treasuries, agency bonds and cash. He also highlighted portfolio benchmarks. Tom Forma asked about specific benchmarks. Discussion was had on the subject. As various board members posed numerous questions for discussion. The call with Sean Conner ended at 7:32 PM.

Tom Forma and Kevin Nichols provided Morgan Stanley updates for the board. Chairperson Taylor asked about pension account managers. Tom Forma highlighted government bonds and bond flexibility. Tom Forma addressed fixed income managers and research. Lee Ann Paladino highlighted the function of the companies that do the manager research. Chairperson Taylor shared an idea about having the Board of Finance attend a Pension and Benefits Board meeting. Tom Forma noted that other towns have a Board of Finance member on their Pension and Benefits Board. General discussion was had about pension funding with consensus that the

pension needs to be funded at a higher rate and more contact is needed with the Finance Board.

In reference to the need to replace Neuberger Berman as they are not on the research agenda used by Morgan Stanley discussion was held concerning Tom and Kevin's analysis of 5 possibilities. Paul Tracey asked for Morgan Stanley's recommendation on the bond managers. Tom Forma provided an explanation of how their recommendation was made. Further discussion ensued concerning the need for the Board to review the finalists. Paul felt strongly that whatever the Financial Consultants recommended should be accepted. Suzanne continued to prefer that the conclusions and their basis be presented to the board for review prior to accepting the recommendation. Tom Forma posed the question to the board, how do you want to use the bond market? General discussion was had on the subject. Discussion was had about concurring with Tom Forma's recommendation to hire Reinhart Partners as the bond manager and a **motion** was held on the subject that Morgan Stanley hire Reinhart Partners as the pension bond manager by Paul Tracey and seconded by Lynn Dallas. Vote held. All in favor motion passed.

Paul Tracey reported on the ICMA updates. Paul's report covered the 457 plan as of 3/31/2016. He reported that 42 are currently signed up, with 40 actively contributing. 1 person signed up in the first quarter. Paul reported on the statement as of 3/31/2016: \$1,402,535 (was \$1,351,385 on 1/1/2016). Paul reported on the asset allocation: 29% stable cash, 5% bonds, 26% balanced, 34% US stock, 4% global stock, and 2% specialty.

Budget and Finance Reports

Lee Ann Paladino reported that the Employee Benefit Fair is May 16, 2016. She reported that the town is staying with Connecticare as the health care provider. She reported that the AIG group/class names for both active and retiree life insurance coverage were changed. Chairperson Taylor asked about the list of retired individuals due to receive benefits letters. Lee Ann informed the board that she is working on health insurance and life insurance details all at once in preparation for the new electronic system. Sharon and Lee Ann will work on the list for benefit letters to be sent to all current retirees.

Report on Special Meeting/Pension Reform Study

Chairperson Taylor reported on the Pension Reform Study. She highlighted Becky Sielman's report, which focused on long-term cost and individual benefits. Chairperson Taylor expressed concerns over the proposal versus recent analysis at the April 21, 2016 Special Meeting. Chairperson Taylor suggested board members make a list of items for Becky Sielman to look at for the next time the board meets with her. Items to have Becky Sielman look at: current employees starting base, employees not vested, reducing interest rates, extending retirement age, increasing employee contributions, and other thoughts to fix the current plan to reduce cost. Further discussion was had on this.

A complete list of the list of the Fire fighters membership status as of Dec. 20, 2015 was provided to Suzanne Taylor by J.T. Dunn and forwarded to actuary Becky Sielman. The town under GASB 68 is projected to run out of money in 30 years, projections were better in other reports that didn't reflect the GASB 68 details. Discussion was had about communicating this. Chairperson Taylor noted there are three plans: Fire Department volunteer plan, Police plan, and Town employee plan. Chairperson Taylor asked about any other possible changes in the current DB plan. Discussion was had on this, as it relates to people who aren't vested. Chairperson Taylor asked if the board wants a hybrid plan or total DC plan for new hires. Hybrid plan review includes OSPD. Further discussion was had on this. Chairperson Taylor invited the board to add additional items for the study. Plans discussed above are being studied under the pension reform, no plan changes have been adopted at this time. Lee Ann suggested meeting with Becky to review additional matters for analysis. Consensus is that Becky Sielman should wait to meet with a larger group until at least June. Chairperson Taylor and Lee Ann Paladino hope to have a preliminary meeting with Becky Sielman before the next board meeting. The board aims to have something ready for Becky Sielman by May 11. Lee Ann wants to work with the analysis software. Additional comments were made about the pension reform study and various suggestions for improvements in the plan were listed for further consideration.

Old Business

The status of health insurance and life insurance final details were briefly addressed in connection with the Financial Report by Lee Ann Paladino, who will continue to advise the board as changes occur.

Motion to adjourn by Paul Tracey and seconded by Carol Voigt. Meeting adjourned at 9:23 PM.

Respectfully submitted,



Timothy Kellogg,
Pension and Benefits Board Secretary