

Town of Old Saybrook Pension and Benefits Board
Regular Meeting, June 23, 2016
Meeting Minutes
Town Hall Conference Room

Members Present: Suzanne Taylor, Lynn Dallas, Carl Fortuna, Ray Muratori, Eileen Torrenti, Paul Tracey, Carol Voigt. Others present: Accounting Liaison Sharon Migliaccio, Finance Director Lee Ann Palladino, Secretary Timothy Kellogg. Financial Consultants: Kevin Nichols (Morgan Stanley).

Welcome

Chairperson Taylor welcomed board members and guests to the meeting. The meeting was called to order at 6:59 PM.

Minutes

The minutes of the May 26, 2016 Regular Meeting were reviewed. **Motion** was made by Carl Fortuna and seconded by Lynn Dallas to approve the minutes. Carol Voigt questioned if an investment report topic was "All Cap" not "small Cap." Kevin Nichols confirmed that it should refer to all cap. Minutes approved as corrected.

Chair's Report

Dr. Taylor shared highlights from an article on shortfalls to Social Security. Discussion was had on the subject.

Dr. Taylor shared a letter from Barbara Maynard, our former First Selectwoman. The letter, originally from AIG, assured her of the value of her retiree life insurance. The letter, which was dated February 9, 2016 and received a week ago, was in agreement with expectations. Lee Ann noted the letter's delay was due to verifications that took place to ensure amounts were correct. A list of the correct life insurance benefits for current and former retirees was presented to the board.

Dr. Taylor will be attending Public Funds Summit East Newport Conference in July, with Finance Director, Lee Ann Palladino. Registration is free. It was noted that Tom Forma and Kevin Nichols will be presenting at the event, as well as our Chair.

Investment and Finance Reports

Dr. Taylor requested a manager performance update on the Morgan Stanley investments. Kevin Nichols provided Morgan Stanley updates for the board and distributed an updated summary of investments. The summary covers performance for the past several years. Kevin provided explanations of the updates for the board and will run a report for Chairperson Taylor, as she prepares for her annual report. Kevin highlighted various managers .Further discussion ensued.

Ray asked about benchmark correlations. Kevin provided clarification. Further discussion was had about manager underperformance compared to market performance. Kevin provided a brief overview of international managers. Discussion was had about the viability of indexing and the timing of a decision to do that. Kevin gave the board potential scenarios for passive vs. active investments. The board had further discussions on how to respond to manager performance.

Dr. Taylor shared a story from her recent class about how people manage money and how to educate people on investments. Kevin shared how Morgan Stanley goes about advising individuals on savings and investments. Chairperson Taylor asked what can be done to help employees with their 457 investment planning. Kevin highlighted some resources that Morgan Stanley provides. Discussion on ICMA education was tabled until Laura Hancock, ICMA consultant, is present in September.

Other

Lee Ann Palladino noted some retiree health care premiums will increase on July 1 according to union contracts.

Carl reported on his recent contact with our actuary, Becky Sielman, about the invoice for the Milliman pension reform study. Suzanne and Lee Ann will be meeting with Becky Sielman next week. Discussion was had about the invoice and the study results. Further discussion was had about pension reform and collective bargaining. The possibility of a special meeting on pension reform was debated with the result that no decision will be made about a special meeting until after Lee Ann and Suzanne meet with the actuary.

Carl suggested that Chairperson Taylor and members of the board might want to consider meeting with the Board of Finance during the summer hiatus, to discuss additional funding possibilities.

Motion to adjourn by Lynn Dallas and seconded by Ray Muratori. Meeting adjourned at 8:00 PM.

Respectfully submitted,



Timothy Kellogg,
Pension and Benefits Board Secretary