

Town of Old Saybrook Pension and Benefits Board
Regular Meeting, October 27, 2016
Meeting Minutes
Town Hall Conference Room

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

Welcome

Chairperson Taylor welcomed board members and guests to the meeting. The meeting was called to order at 6:31 PM.

Minutes of Prior Meetings

The minutes of the September 22, 2016 regular meeting were reviewed.

A **motion** was made by Lynn Dallas and seconded by Paul Tracey to accept the minutes from September 22, 2016. Motion approved.

Chair's Report

Chairperson Taylor reported on the CPPF conference via the e mail exchange she had with our actuary, Becky Sielman as no one from the Board had attended the conference in Wallingford. Becky provided a summary from one of the discussions on negotiating pension change, but also indicated that nothing we didn't already know was presented in the talks.

Reviewing the other presentations Carl Fortuna commented on the *CT Mirror* and *CT News Junkie* online news sources and expressed enthusiasm for the insight they provide into state news and financial information.

Re approving the ongoing disability pension for James Stone nothing has been received in reply to the Accounting office's numerous requests. An attempt to discuss the matter personally will be made by Board Member Carl Fortuna.

Other items in the Chair's Report included, one withdrawal of funds, after leaving town employment. One was a short term and thus a small amount. Another longer tenured employee requested a partial disbursement. It was determined that partial disbursements are not an option/ It's all or nothing for now.

Chairperson Taylor had sent Board members an article from the Center for Retirement Research at Boston College, "*Will Pensions and OPEBS Break State and Local Budgets*", by

Alicia Munnell. A brief discussion ensued and became a brief segue for the major discussion of our Pension Reform.

Investment Reports

Tom Forma reviewed the financial reports from Morgan Stanley. Highlighting, returns for the pension portfolio by distributing an extensive report. Old Saybrook is 1.4% ahead of the index at this time. A brief discussion was had on manager earnings over the past eight years. The report's Pie Chart breakdown was reviewed. Kevin Nichols noted that there has been a shift since Brexit from stock performance vs bonds. Chairperson Taylor asked about manager performance and Tom indicated he is happy with the current results.

Paul Tracey inquired about the projected returns discussion from last month. How does Morgan Stanley feel about our assumed rate of return? It seems to be doing slightly better than the usual indexes.

Tom Forma distributed the latest investment policy statement. Discussion took place about whether or not to make any changes. Some details of the policy were reviewed and discussed. It was concluded that on average there is a 50/50 chance of meeting the goal of a 7.75% median rate of return. Paul Tracey suggested the need for an 11% rate of return, though he doesn't consider it a likely possibility. Chairperson Taylor recalls that the board wanted to be more in the stock market during previous revisions of the investment policy and raised the target amount to 75%.

The investment policy discussion continued on the subject of the target versus the maximum within the policy. Ray Muratori asked about future risk. Lee Ann Palladino suggested that changing the target and maximum needs a study prior to changes to know what the possibilities are. She indicated that not doing so and making changes would be dangerous. The discussion of investment policy continued.

A **motion** was made by Lynn Dallas and seconded by Paul Tracey to continue the current policy, subject to review based on future changes that may occur. All in favor. Approved.

Tom Forma presented a recent email to the Board for discussion. The Board determined what to do with cash funds. Lynn Dallas favored a tactical asset allocation. Discussion took place.

A **motion** was made by Ray Muratori and seconded by Lynn Dallas to approve a tactical asset allocation, as recommended by Morgan Stanley. All in favor. Approved.

Paul Tracey provided an ICMA update. He reported on the current status and informed the Board that no new participants have joined the plan.

Lee Ann Palladino addressed the request presented to the Board of Finance, to increase funds to the pension plan. No response has been received yet. Carl Fortuna and Lee Ann Palladino will mention to the Board of Finance, at their meeting next week, that the request came up again for discussion at the Pension Board meeting.

Lee Ann Palladino reported that the new accounting system is now active and in the process of rolling out for employee self-service. Eventually as it develops it will improve information available concerning our town Pension and Benefits online.

Old Business

The Pension Reform Study was extensively discussed. The discussion covered pension plan goals and the nature of reform. Briefly reviewed in the discussion was the relevance of the town of Avon's experience with pension reform. Carl Fortuna would like some concrete information for the next meeting in November. After much discussion on how to create a different pension it was suggested by Tom Forma that we might work with our current 457 plan and deposit money there for a defined contribution pension. Contact will be made with Laura Hancock from ICMA as soon as possible. Carl Fortuna, Suzanne Taylor, Paul Tracy, and Lee Ann Palladino will confer with her and report back to the Board.

New Business

The 2017 meeting schedule was presented for discussion.

A **motion** was made by Lynn Dallas and seconded by Ray Muratori to accept the meeting schedule as presented for 2017. The Board will continue to meet on the 4th Thursday except in November, (on the 3rd Thursday) and no meetings in July, August and December. The meeting time will be at 6:30 p.m. Motion approved.

A **motion** was made to adjourn by Paul Tracey and seconded by Lynn Dallas. Meeting adjourned at 8:01 PM.

Respectfully submitted,



Timothy Kellogg,
Pension and Benefits Board Secretary