

Town of Old Saybrook Pension and Benefits Board
Regular Meeting
Thursday, November 17, 2016
Location: 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 (Morgan Stanley).

Welcome

Chairperson Taylor called the meeting to order at 6:36 PM and welcomed the board. She also reported that a new retirement request has been made and expressed her regret that the Board will be losing the services of our retirement liaison, Sharon Migliaccio. The Board also concurred and complimented Sharon for her long and helpful years of service, while wishing her a Happy Retirement.

Pension Reform Update

Discussion on the pension reform update opened the meeting. Board members discussed contributions from the employer and employee. Chairperson Taylor shared that she had spoken with our actuary, Becky Sielman about the proposed plan changes and reservations were expressed about incentivizing current participants to leave the DB plan. Taylor also mentioned that she had occasion to discuss the 401-a with TIAA. Discussion of the town's ICMA proposal continued at great length when ICMA consultant Laura Hancock, joined the meeting via conference call at 7:01 PM.

The proposed plan was reviewed with her as board members posed numerous questions. Laura provided an overview of plan samples. Laura expressed that the town employee contribution is customizable. In a 401a plan, contributions are pretax and taxes are paid upon withdrawal of earnings. Details of the proposed plan were reviewed and discussed at length. Further discussion is expected before a final plan is adopted. Further input from Atty McHale will be followed up on by Carl Fortuna and a special meeting in January may be necessary. Discussion on the plan proposal continued.

Investment Report

Tom Forma reported on the Morgan Stanley investments. Custom period is up 2.6% and the year to date return is 4.05%. Tom reviewed manager performance stating that things are positive at this time. He also commented on the political situation as it might affect the stock market with the thought that for now there is a positive outlook.

Disability Issue

Brief discussion took place on the continuing disability issue. Pending further research, the discussion will resume in January.

Finance Report

Lee Ann Palladino provided the Finance report. She reported on budget planning. Lee Ann Palladino recommends that the administrative cost of managing the pension plan should come right out of the pension plan. If her recommendation is approved the current Pension budget would be added to the amount of the actuarial determined payroll percent to be contributed by the town. Thus the administrative and management expenses of the plan would not need to be approved by the Board of Finance. Expenses would be managed through the plan. It was noted that this is specified in the Pension Plan itself.

Lee Ann expressed a concern with the recent increases in actuarial expenses and after some discussion it was suggested that an RFP for actuarial services be issued shortly. She and Carl will research availability of model RFPs for actuarial searches.

Carl Fortuna suggested that a vote be taken to change the way the Pension Board's budget is managed. A **motion** was made by Carl Fortuna and seconded by Ray Muratori to adopt Lee Ann's recommendation that Pension Board expenses be taken from the pension plan. All in favor. Motion approved.

Carol Voigt expressed concern related to the adequacy of current retirees pensions due to past inflation. Carl asked for that discussion to be postponed. The matter can be discussed at the meeting in January.

New Business

The election of the Chairperson for 2017 took place. Carol Voigt **nominated** Suzanne Taylor. The nomination was seconded by Lynn Dallas. All in favor. Suzanne Taylor has been elected to continue as Chairperson.

The next meeting is scheduled for Thursday, January 26, 2017 at 6:30 PM.

Minutes

The minutes of the October 27, 2016 meeting were reviewed. A **motion** was made by Carl Fortuna and seconded by Carol Voigt to accept the minutes as presented. All in favor. Motion approved.

Meeting adjourned at 8:47 PM.

Respectfully Submitted,



Timothy Kellogg,
Pension and Benefits Board Secretary

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