



Old Saybrook Pension and Benefits Board
Thursday, January 25, 2018
6:30 p.m.
First Floor Conference Room

Regular Meeting Minutes

Attendees:

Members Present:

- Suzanne Taylor (Chair)
- Ray Muratori
- Carol Voigt
- Paul Tracey, via conference call
- Rowena Moffett

Others Present:

- Lee Ann Palladino, Finance Director and Plan Administrator
- Janet Vinciguerra, Pension Board Liaison
- Tom Forma, Morgan Stanley
- Kevin Nichols, Morgan Stanley
- Timothy Kellogg, Board Secretary

Welcome, Chair's Report, and Public Comment

Chairperson Taylor called the meeting to order at 6:35 p.m. There was no public present for comment.

Chairperson Taylor shared the acceptance and welcome letter for Rowena Moffett to serve a five year term on the Pension and Benefits Board. Her term expires January 2023.

Chairperson Taylor shared her letter to Fire Chief Joseph Johnson regarding the Fire Department's celebration of 25 years in the Fire Department Pension Plan. She also noted how well J.T. Dunn keeps the Fire Department accounts in order.

Chairperson Taylor shared an article related to annuities in a DC plan. Some discussion of the topic took place.

Chairperson Taylor highlighted a film about retirement. She discussed the film topic and a potential interest in issues of loneliness, living, housing and a possible committee to facilitate that process.

Minutes

The minutes of November 30, 2017 were reviewed.

- **Motion** A motion was made by Ray Muratori and seconded by Paul Tracey to accept the minutes as presented. All in favor. Minutes accepted as presented.

Investment Reports and Plan Administrator's Report

Lee Ann provided an overview of survey results on potential asset allocation input from the board. Her report was for the board's review for later approval. She highlighted that the board realistically targets a 6.5% to 7.5% rate of return. Tom noted that Morgan Stanley's assumed rate of return is post-fees. Lee Ann indicated that the town is meeting its pension funding obligations. The present funding ratio is at 89.5%, while the Board survey targeted a funding ratio of 93%. The PBB indicated it would be comfortable with a maximum annual market loss of approximately 13%, which was far less that had been realized in past performance. The Pension and Benefits Board is interested in outcome based scenarios. Tom provided comment and emphasized using this period as an opportunity.

Rowena joined the meeting at 6:59 PM.

Tom Forma and Kevin Nichols provided the Morgan Stanley investment reports. Tom highlighted the Morgan Stanley asset allocation report (provided to the board) as it related to Lee Ann's asset allocation survey report. Tom reviewed the asset allocation report. Tom discussed how the reports and future forecasting are analyzed. Tom discussed investment assumptions. Discussion took place. Tom discussed how the projections work related to the pension plan. Tom highlighted manager strategy. Discussion of strategies took place. Discussion of emerging markets took place. Tom continued the review of potential asset allocations. Discussion of the asset allocation review took place and the board will review the materials for follow up in March. Further discussion took place. Lee Ann highlighted pg. 28-37 of the asset allocation report and how they model what happens in a down market. Discussion of the models took place.

Tom gave the time weighted performance summary. Pension return is 4.25% YTD.

The board will decide in March which asset allocation to go with and between now and then board members are to email Lee Ann their thoughts, preferences, and questions.

Lee Ann reported that the DB to DC conversion letters are being sent to members of the supervisors and support unions. Discussion took place. The Board of Education's plan is pending collective bargaining agreements.

No budget update was provided. However Lee Ann did briefly discuss the actuarial reports that will be reviewed next month and noted that there have been actuarial gains on assets (due to strong market gains) and liabilities (due to deaths and turnovers). She also noted that the Town will increase its budgeted amount for pension contributions from 8.25% to 8.5%. She said that will increase the likelihood that the Town will meet the full ADC this year.

Motion

- A motion was made by Rowena Moffett and seconded by Paul Tracey that the Pension and Employee Benefits Board recommends to the Board of Finance that at least the full Actuarial Determined Contribution for the Town Pension Plan and the Fire Pension Plan be budgeted for FY 2019. All in favor. Motion approved.

Motion

- A motion was made by Ray Muratori and seconded by Paul Tracey that the Pension and Employee Benefits Board recommends to the Board of Finance that \$50,000.00 from the Post Employment Benefit Fund be used to offset the \$330,000.00 in retiree post-employment benefit expense to reduce the

budgeted amount to \$280,000.00. Discussion of the motion took place. It was noted that the town has a new life insurance carrier. All in favor. Motion approved.

Chairperson Taylor requested information regarding the pending life insurance case due to the change in carrier.

Lee Ann provided the First Selectman's report on Selectman Fortuna's behalf. She noted that Selectman Fortuna called family members re an early retirement vs. disability request for a copy of the disability determination. It was reported that 2 copies existed but had been lost, so as yet no copy of the letter has been made available.

A draft of the summary plan description was provided for the board's review. Some discussion took place. The board will review the summary plan description and comment at the next meeting.

Paul Tracey shared the ICMA 457 plan updates: \$280,000.00 in contributions, \$228,000.00 in distributions, with an approximate net contribution of \$50,000.00, and gains of \$234,000.00. The 457 plan ended December 2017 at a value increase from \$1.6 to \$1.9 million last year, due to market appreciation. Performance looks good. 24% cash, 40% stocks, and the remainder in asset allocation "target" funds. Looks like 50/50 stocks and bonds and participation is up 7 participants for 2017, from 41 to 48. There is roughly 50% employee participation.

So far there are 7 participants in the ICMA 401-a plan. The current value of this plan is just over \$4,000.00.

Pension Liaison Report

Janet reported on recent retirement activity and pension payroll status. She reviewed the January 1 pension payroll figures and noted there was one new retiree and that one retiree passed away. She reviewed the February 1 pension payroll figures and noted that there were three new retirees. Seven Fire Department retirees received a benefit increase for an additional year of service. Janet also reported three pending pension contribution refunds, two upcoming retirements, and 2017 Form 1099Rs were mailed out this week.

The Board discussed the idea of sending a Congratulation On Your Retirement card along with well wishes for the future and a thank you for their past service. It was agreed to review this item further for particular details that might be appropriate.

New Business: None

Next meeting February 22, 6:30 PM.

Adjournment

A motion was made by Ray Muratori and seconded by Rowena Moffett to adjourn. Motion approved and the meeting adjourned at 8:21 p.m.

Respectfully Submitted,

Timothy Kellogg, Board Secretary