



Old Saybrook Pension and Benefits Board
Thursday, October 26, 2017
5:00 p.m.
First Floor Conference Room

Board Meeting Minutes

Attendees:

Members Present:

- Suzanne Taylor (Chair)
- Lynn Dallas, via conference call
- Ray Muratori
- Carol Voigt
- Paul Tracey
- Rowena Moffett
- Carl Fortuna, First Selectman

Others Present:

- Lee Ann Palladino, Finance Director
- Janet Vinciguerra, Pension Board Liaison
- Tom Forma, Morgan Stanley
- Kevin Nichols, Morgan Stanley

Welcome and Public Comment

The Chair noted that a quorum was present as she called the meeting to order at 5:05 p.m.

Chair Taylor welcomed the Pension and Benefit Board (“PBB”) members.

Chair Taylor opened her remarks by commenting on the upcoming CPPF fall conference that will be held on November 2, 2017 in New Haven and encouraged Board members to attend. She also mentioned that in a phone conversation with Becky Sielman, the Town’s actuary, it was stated that Becky had all the information needed to complete the town’s actuarial reports for presentation at the January meeting. The OPEB report will be completed shortly.

Next the PBB reviewed the minutes of the September 28, 2017 meeting and the Chair called for a motion of acceptance. It was moved by Paul Tracey and seconded by Ray Muratori and approved unanimously.

Next Chair Taylor called upon Lee Ann Palladino, the plan administrator to give her report. Ms. Palladino noted that we had received a quarterly report from Nationwide and said one employee still remained on that plan. Ms. Palladino reported that she and the chair agreed to spend more time working on the RFP for actuarial services before it was put forth to the PBB for their consideration and action.

Next she discussed the monthly pension report and reviewed the trends in withdrawals from the pension plan corpus, monthly payrolls, employee contributions, non-vested withdrawals, plan expenses and employer contributions. Chair Taylor requested past year's board expense information be reported at an upcoming meeting so that trends in plan expenses could be tracked, particularly for actuarial services. Ms. Palladino also noted that while pension expenses were no longer an operating budget item, she would share projections of these for the upcoming fiscal year.

Next the Chair called upon First Selectman Fortuna to follow up on a discussion regarding an early retirement/disability matter. Mr. Fortuna briefed the board about the special circumstances of this particular matter and proposed that the PBB consider giving this employee some time to provide additional documentation on the disability. After extensive discussion among the PBB members it was decided that Mr. Fortuna would contact the family and provide further guidance at the next PBB meeting in November. Mr. Fortuna also noted that a first draft of the DC plan summary document had been created, is being worked on and a draft would be provided at the next PBB meeting in November.

Ms. Moffett joined the meeting at 6 p.m.

Chair Taylor presented the floor to Morgan Stanley to discuss their reports. As part of that conversation, she called upon Lynn Dallas to express her concerns with the Other Post Employment Benefit ("OPEB") Fund transaction approved at the Board of Finance ("BoF") meeting. Ms. Dallas noted that the recommendation set forth by the PBB was not the same as approved by the BoF and asked for an explanation of why the BoF approved \$1 million to go into the Town pension plan and the balance to be placed in a short term operating fund versus placing the entire amount into the Town's pension plan.

Ms. Palladino confirmed that the PBB's recommendation for moving the entire amount into the Town's pension plan was presented to the BoF for its consideration. She discussed that the BoF is also dealing with matters surrounding short-term OPEB obligations and addressed this matter by voting to place a small portion of the proceeds into an operating fund to meet the short-term obligations and \$1 million into the Town's pension plan. Lynn Dallas noted that she was not opposed to this as long as the funds were used for the annual retiree health care premiums but not the other types of short-term OPEB obligations.

Ms. Palladino commented that she discussed the BoF decision with the auditors and they thought the path the Town was taking on this issue was well thought out and they applauded our efforts. Mr. Tracey stated he didn't have any concerns with their decision. Mr. Fortuna commented that this matter will be brought forth at the annual Town Meeting, held the fourth Monday in November for final consideration and a vote.

Mr. Fortuna discussed the various short term post-employment obligations which include payout for vacation and sick time banks, heart and hypertension claims, as well as retiree health and life insurance premiums. Discussion among the PBB members took place regarding the short and long term liabilities.

Chair Taylor noted for the record that the reason why she abstained from the vote to place the funds into the Town's pension plan was due to her concern for the long term OPEB liabilities that left unfunded will double the liability. Ms. Palladino noted Chair Taylor's concern and said that it was important to review and amend the assumptions associated with the long term liability so that an accurate liability would be calculated next year.

The meeting schedule for calendar year 2018 was presented. Carl Fortuna made a motion to accept the calendar as amended with the meetings to start at 6:30 pm. The motion was seconded by Paul Tracey. The Chair took a vote and it was unanimously approved.

Chair Taylor suggested that a vote for the Chair for 2018 be discussed. It was decided to put this on the agenda for the next PBB meeting.

Tom Forma and Kevin Nichols discussed the performance for the Town's pension plan noting that it was up 2.74% for the first quarter of FY18 and reviewed the individual managers' performance in the pension plans. The PBB discussed the fact that \$1 million would be transferred to the Town's pension plan, along with a stellar performance for FY17, which together will push the funded ratio up. It was decided to perform an asset allocation study to confirm or recommend changes to the Town's pension plan's asset allocation. Once the asset allocation is determined, the policy will be updated.

Lynn Dallas gave a report on her findings on the Town's website and employee's ability to access information about the pension plans and benefits. Ms. Dallas asked Ms. Palladino to demonstrate the Employee Access Center, which is new feature associated with the new accounting system. When the benefit module is complete, employees will be allowed to use it for open enrollment.

In conclusion Chair Taylor asked if there was anything she or the other PBB members could do with regard to the annual Town Meeting. Mr. Fortuna reiterated that the vote for the transfer of the OPEB Funds would be brought forth and encouraged participation with their attendance and vote.

A motion was made to adjourn the meeting by Carl Fortuna and seconded by Paul Tracy. The meeting adjourned at 7:15 p.m.

Respectfully submitted,

Lee Ann Palladino
Recording Secretary