

Old Saybrook Pension and Benefits Board
Regular Meeting, October 23, 2014
Meeting Minutes
First Floor Conference Room Town Hall

Members present: Suzanne Taylor, Ray Muratori, Eileen Torrenti, Carl Fortuna and Carol Voigt via telephone

Absent: Stephen Sheehan, Paul Tracy

Others: Sharon Migliaccio, Tom Forma of Morgan Stanley

Call to order at 7:12pm. Everyone was welcomed.

Suzanne Taylor directed the meeting right to Tom Forma to give an update as to what has changed since the last meeting. Mr. Forma confirmed that the new Investment Policy was officially in place allowing up to 70% of the investments in stock. He also noted that some colleagues commented that it was one of the best policies they had ever seen.

The discussion continued to discuss the Plan assets and the actuarial value. He indicated that the Investment Managers should have a copy. The discussion continued and the group decided to table the matter for the evening and continue the discussion at another meeting.

Tom Forma was asked to update the board as to his current status. Tom indicated that he had been with Merrill Lynch since 1982 and left Friday, October 17, 2014 to join Morgan Stanley. It was not an easy decision to make but one he had to do due to Bank of America eliminating Merrill Lynch's ability to service municipalities. With Morgan Stanley, Tom plans to be able to move all of his municipal clients to Morgan Stanley. His team will consist of virtually the same team doing the same jobs with even more support by being able to utilize independent firms. All teammates moved to Morgan Stanley with the exception of Alma.

Suzanne asked the board if the board would like to make an interim appointment of Tom Forma of Morgan Stanley as their advisor. Discussion continued of whether to make the appointment temporary or permanent. Carl Fortuna had a stack of documents that had been sent to him earlier that required signatures for either temporary or permanent appointment. Discussion continued regarding an explanation of billing, as well as the fact there is no definite time commitment for the consulting service and termination is possible at our convenience.

The question was asked if the Board needed to get an RFP to decide which organization to use for investments. The question had been asked of Bob Fish who replied that an RFP is not needed. Carl indicated that he was told that the Board does not have to go out to bid for professional services.

Motion was made by Carl Fortuna to discuss the differences between Merrill Lynch and Morgan Stanley. Ray Muratori seconded the motion. Questions were asked of Tom Forma to tell what the differences

will be. He indicated that the Board will have the same managers, same fees, same monitoring only Morgan Stanley will be the new Custodian. The research will be done by Morgan Stanley, not Merrill Lynch. All agreed that the depth of research is important.

Motion was rephrased by Carl Fortuna to move the Pension Board Funds from Merrill Lynch to Morgan Stanley with Representative Thomas Forma, Sr. as our Institutional Consultant. Ray Muratori seconded the motion. All voted in favor and the motion passed.

Tom Forma then sat with Carl Fortuna to sign the necessary documents to transfer the funds. The Board of Selectmen authorizes Carl Fortuna to hire professional services therefore he was able to sign the documents. Tom Forma indicated that it was important to sign the documents right away. Carl Fortuna signed the authorization forms for six pension accounts and two reserve accounts.

Motion was made by Carl Fortuna to have the Pension Board authorize First Selectman, Carl Fortuna, to sign any and all necessary documents to transfer all pension and healthcare accounts found in prior motions. Ray Muratori seconded the motion. All voted in favor and the motion passed.

At the Board of Selectmen meeting on October 14, 2014 the Board of Selectmen adopted the Funding Policies with two changes. The first change is in the section FUNDING GUIDELINES. Change from "In order to achieve the objectives of this Funding Policy, the Board of Selectmen will base its contribution to the plan..." to In order to achieve the objectives of this Funding Policy, the Board of Selectmen will *factor in* its contribution to the plan..."

The minutes from the September 25, 2014 meeting were reviewed. There were three corrections to the minutes. Page 1: Paul Tracy is "unaffiliated" per Sarah Becker. Page 2: Regarding accounts at Merrill Lynch – "accounts will be closed by 2/27/15" should read "accounts *must be* closed by 2/27/15". Page 3: Top line reads Board of ~~Selectman~~ should be Board of *Selectmen*.

A motion was made by Ray Muratori to accept the minutes as corrected. Eileen Torrenti seconded the motion. All voted in favor and the motion passed.

Next discussion was about the next CPPF Meeting to be held October 30, 2014 at the Water's Edge in Westbrook, CT. Suzanne Taylor will attend with Ray Muratori. Eileen Torrenti and Sharon. Carol Voigt and Kathy Duncan are unable to attend.

There is a new Board Member replacing Gary Lehrman. His name is Paul Tracy. His appointment was approved today by the Board of Selectmen. It was noted that Paul should be invited to the CPPF meeting on October 30th.

Retirement request:

Kathy Randall, secretary to the Superintendent of Schools at the Board of Education has requested retirement. It was noted that the Pension Board will send a card of congratulations. It was also noted that a card of congratulations needed to be sent to Sergeant Gardner who recently retired.

Pension requests:

Two people recently requested their funds be disbursed due to termination of their town employment. Wendy Connal-Nicolaou requested her funds then decided to roll the funds directly to an IRA. Melissa Brigante, formerly of the Board of Education, also requested the return of her money. Also noted was a request from Phyllis DeCorte of the Acton Public Library received today for retirement soon.

Milliman:

Recent bills from Milliman were reviewed. There was a motion made by Ray Muratori to pay the Milliman bills. Eileen Torenti seconded the motion. All voted in favor and the motion passed.

OS Fire Department Plan Summary:

Discussion began on having Milliman review an existing summary. It was decided to postpone this discussion until the Board could speak with JT Dunn to see if he can provide a copy of the original summary that he had completed. Suzanne Taylor asked Kathy Duncan to contact JT Dunn to see if he can provide us with a copy of this original summary.

A Request for Funding to Board of Finance for study of Town Retirement Plans has been made in early October. The cost will be about \$10,000. It was reported by Carl Fortuna that this did not come up at the recent Board meeting. He will ask to have it considered soon.

ICMA Report:

Suzanne and Sharon reported that there is not much to report, as so far only the regular Employer Bulletins have been received and they do not contain monthly financial data. It was hoped that the relationship with ICMA, as it was with Gary, can be taken over by Paul Tracy, if he will be willing. Discussion re: Paul Tracy's availability. Paul is out of town for about two months in the winter. It was noted that he could join the meeting via phone as was done this evening with Carol Voigt.

Official Statement Disclosures:

There was a handout of an email between Lisa Carver and Steve Lemanski of Milliman regarding statement disclosures. Also on the handout were charts showing the Schedule of Funding Progress for our 2 Pensions. – Town Plan, Schedule of Funding Progress – Fire Company Plan as well as Schedule of Employer Contributions – Town Plan and Schedule of Contributions – Fire Company Plan. There was discussion of the differences between the two plans both in Funding Progress and Schedule of Contributions. It was noted that the main reason the Fire Company numbers were so different is that it is a new plan and has been recently changed and brought up to date to meet those changes.

At 8:00 pm Carol Voigt had to leave the meeting and the call was ended.

Discussion began on the Bonding for the Preserve. Carl Fortuna brought up the 10 Year Treasury rate and hopes that it is low when the bonding is done for this project. It was at 2.66% the last time out for offering. Rates have varied over the last few days from 2.19 to 2.2. The 10 Year has stayed steady. Tom Forma thinks that the rate will be less than 2.5. Note that the 20 year bond is at 3.23%.

Meetings 2015

All agreed that the fourth Thursday seems to work for everyone, except for November (Thanksgiving) where the third Thursday is necessary. The fourth Thursday will continue for meetings in 2015, except in December, July and August, when there are no scheduled meetings. .

Items Postponed until next meeting:

- Retiree Life Insurance
 - Chief of Police is anxious for this answer.
- Re-employment after retirement –
 - Part-time is truly part-time

Suzanne Taylor agreed to add this to the next meeting agenda as Carl Fortuna suggested she talk with Attorney McHale and have a conversation re how to put this item on the agenda.

Investment Update:

Tom Forma reported that there has been a volatile market. There were some significant changes to the accounts. The Pension Fund is down 4.50 percent as of 10/13 as seen on page 18 of the report handed out. It was noted that as of 9/30 the fund was only down .93%.

The Healthcare fund is down 2.40% as noted on page 15 as of the date 10/13 as compared with that of only being down .15% as of 9/30.

Tom indicated that the market had been calm and rising which spooked people. In addition, things like Ebola and oil prices cause people to be scared. He noted that we have not had a 10% decline – and indicated that that sort of decline will really feel scary. Tom reviewed some market history over the past 15 or so years. Tom was asked in regards to the stock market – should we stay in or get out? Tom advised to stay in. Be patient. The 70% stock option was brought up. Ray asked if we should go to 70% or stay at 50% where we are. Tom advises to stay on the ride. Stay in the market. Fear takes \$\$ out of the market. Interest rates will rise – bond prices will fall. Tom reports that after the scary period is over, long term investors are left holding stock, not selling which causes a rise in prices. Tom repeated to be patient and stay on the ride.

Next Meeting:

There was a discussion of who to invite to the next meeting – after a short discussion it was decided to invite John Hancock.

Motion to adjourn was made by Carl Fortuna. Ray Muratori seconded the motion. All voted in favor and the meeting was adjourned at 8:35pm.

Respectfully submitted,

Kathy Duncan, Clerk