

Old Saybrook Pension and Benefits Board
Thursday, January 24, 2019
6:30 p.m.
First Floor Conference Room, Town Hall

Regular Meeting Minutes

Attendees

Members Present:

Suzanne Taylor (Chair)
Lynn Dallas
Carl Fortuna, First Selectman
Paul Tracey (via phone)
Darrell Pataska

Others Present:

Lee Ann Palladino, Finance Director and
Pension Plan Administrator
Janet Vinciguerra, Pension Board Liaison
Tom Forma, Morgan Stanley
Timothy Kellogg, Board Secretary
Becky Sielman, Milliman (via phone)
Rich Sullivan, Public Participant

Welcome and Public Comment

Chairperson Taylor called the meeting to order at 6:28 p.m. The board welcomed Rich Sullivan as a guest for the meeting. Mr. Sullivan is interested in joining the board. Mr. Fortuna shared a little about Mr. Sullivan and the new member search process. Mr. Sullivan shared a little about himself. Board members introduced themselves to Mr. Sullivan.

Minutes

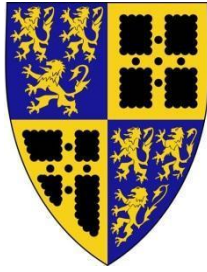
The minutes of the November 2018 regular meeting were reviewed. A **motion** was made by Carl Fortuna and seconded by Darrell Pataska to approve the minutes as presented. All in favor. Minutes approved as presented.

Chair's Report

Chairperson Taylor provided comments, including her experience at the Fire Department banquet and discussion of fire pension plans. Fireman Earl Endrich's passing was formally acknowledged. Related discussion took place

Assumption Review for Town Pension Plans with Becky Sielman via Phone.

Ms. Sielman reported on the Milliman Actuarial Valuation. She reviewed plan membership. There's 85 retired members, 112 active members, and 15 terminated vested members. Discussion took place. She reviewed plan assets, expenses and actuarial value. Ms. Sielman reviewed interest rate assumptions and asset allocations. Ms. Sielman stated the current asset allocation would generate a long term rate between 6.5 and 6.2% and recommended targeting the interest rate assumption to this level over time. Ms. Palladino addressed the board's plan to gradually get the assumed rate of return down to market levels over a period of time. Ms. Sielman reported on the baseline and proposed changes. The FY 19-20 baseline Actuarial Defined Contribution ("ADC") is \$578,810. Ms. Sielman reported on different



assumption scenarios which included lower interest rate, updated salary scale, updated rates of retirement, and implementation of five year asset smoothing period. As a result of proposed changes the PBB felt the scenario that generated an ADC of \$598,170 was appropriate. Discussion took place. Ms. Sielman reported on the plan's funded status and accrued liability. The plan is 91.0% funded (corrected from the reported 88.7%). Discussion took place.

A **motion** was made by Carl Fortuna and seconded by Paul Tracey to add to the agenda the approval of assumption changes for the actuarial evaluation report. All in favor. Change to agenda approved. A **motion** was made by Carl Fortuna and seconded by Paul Tracey to approve the recommendation of the actuary to lower to 7.25% rate of return, update salary scale retirement, implement 5 year smoothing method, which would generate an ADC of 598,170. Discussion took place. All in favor. Actuarial assumption changes approved.

Pension Liaison Report

Ms. Vinciguerra provided the Pension Payroll report. (See attached addendum). Some discussion took place.

Finance Consultant's Report

Mr. Forma provided the investment report. The end of the year returns were down and have rebounded about 1% per week in January. Tom reported on the time weighted performance summary.

Pension Plan Administrator's Report

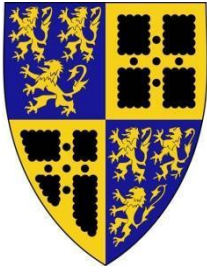
Ms. Palladino reported on and continued discussion of the Investment Policy Statement (IPS). She highlighted page 3 from the actuarial report on asset allocation. She and the board would like Morgan Stanley to provide information of the benchmarks. Ms. Palladino recommended that the PBB utilize passive managers for well developed markets and active managers where a reasonable ability to outperform the benchmark was available. That would mean using passive managers for most US equity investment about 30 % of the portfolio. The balance of investment would be actively managed. Discussion took place. Mr. Forma addressed risk, the pros and cons of indexing, and the US market. Discussion continued. Ms. Palladino continued her report. The board provided consensus of a plus or minus 10% range in equities from the 60% target allocation. Discussion of Fire Department plan allocations took place. Mr. Forma and Ms. Palladino will come back to the board with a recommendation for the Fire Department plan. Discussion took place. The board discussed having Morgan Stanley find money managers that will meet the benchmarks.

DB Plan Summary Document Update to happen in February.

Old Business

Further research regarding Disability is still necessary and other Benefit information access for those in the DC Plan was discussed.

New Business



Election of a Chair A **motion** was made by Lynn Dallas and seconded by Paul Tracey to reelect Suzanne Taylor as Chair of the board. All in favor. Election approved. A **motion** was made by Carl Fortuna and seconded by Paul Tracey to elect Darrell Pataska as Vice Chair. All in favor. Election approved.

A **motion** was made for **Adjournment** by Carl Fortuna and seconded by Darrell Pataska. Adjourned at 8:34 p.m.

ICMA report on February agenda.

Respectfully Submitted,

Timothy Kellogg,
Pension Board Secretary



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Retirements and Pension Payroll Status Report

January 24, 2019 PBB Meeting

- I. January 1st Pension Payroll:
 - Town/PD/BOE – 85 retirees; gross payroll \$127,875.63; reduced by John McConochie who passed away on December 10th.
 - FD – 25 retirees; gross payroll \$8,895.82; no changes.
- II. February 1st Pension Payroll:
 - Town/PD/BOE – 85 retirees; gross payroll \$127,875.63; no changes.
 - FD – 25 retirees; gross payroll \$9,476.20; increase due to six retired firefighters who remained active in 2018 and became eligible for benefit increases.
- III. Pension Contribution Refunds:
 - Kurt Puzycki was issued a refund of his pension contributions in the amount of \$619.98. He resigned from the PD at the end of September after nine months of service.
 - BOE employee Susan Cowan has requested a refund of her contributions totaling \$1,689.20 including interest. The refund will be issued next week. She resigned in mid-December after 16 months of employment with the school district.
- IV. Defined Contribution Plan:
 - Three employees previously in the Defined Benefit Plan transitioned to the Defined Contribution Plan on January 1st.
 - As of this week's payroll, there are 77 employees participating in the Defined Benefit Plan compared to 82 at the beginning of this fiscal year.
 - In July, there were 13 employees enrolled in the Defined Contribution Plan, now there are 17. Of the 17 employees currently in the DC plan, 12 are electing the extra 3% matching contribution.
- V. Annual Pension Benefit Statements:
 - The first week of January we received the June 30, 2018 pension benefit statements from Milliman. The statements were distributed to employees immediately.

Respectfully submitted,

Janet Vinciguerra
Employee Benefits Coordinator & Pension Liaison