

Old Saybrook Pension and Benefits Board
Thursday, June 28, 2018
6:30 p.m.
First Floor Conference Room

Regular Meeting Minutes

Attendees

Members Present:

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

Others Present:

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

Call to Order and Welcome

The meeting was called to order at 6:30 p.m. Chairperson Taylor welcomed new Pension and Benefits Board member Darrell Pataska to the board. Mr. Pataska shared some of his first impressions of the Pension and Benefits Board. The Pension and Benefits Board thanks Carol Voigt for her service. A **motion** was made by Paul Tracey and seconded by Lynn Dallas to thank Carol Voigt for her years of service on the Pension and Benefits Board.

Chair's Report

Chairperson Taylor shared a thank you note received from John Torrenti on behalf of his wife Eileen a long term former Pension and Benefits Board member, who recently passed away.

Chairperson Taylor shared some personal notes re Eileen's long and helpful service of over 20 years on board.

Public Comment

There was no public present for comment.

Approval of the Minutes

The minutes of the May 24, 2018 regular meeting were reviewed. A **motion** was made by Carl Fortuna and seconded by Lynn Dallas to approve the minutes as presented. All in favor.
Minutes approved.

The board gave consensus to rearrange the order of the agenda.

Pension Plan Administrator's Report

Ms. Palladino provided the Pension Plan Administrator's Report. She provided a fiscal-year-end update. She noted that \$173,000 went to the Fire Department plan in September. So far this year 7 employees who were not vested, left the plan. Funding is accruing towards being 100% for the Fire Department plan. There was discussion of the funding for the Fire Department plan. Ms. Palladino discussed DB to DC conversion reporting there are now 13 employees enrolled in this plan. Ms. Palladino noted that September 30, 2018 is the due date for switching from the current DB to DC plan.

Ms. Palladino provided an update regarding the actuarial RFP process. The Pension and Benefits Board is interviewing 3 out of 4 actuaries from the RFP process. There will be a special Pension and Benefits Board meeting on July 23 to conduct the interviews. The special meeting agenda will be revised to reflect the times of the interviews.

Pension Liaison Report

Ms. Vinciguerra provided the Pension Liaison Report. See addendum for report.

Investment Report

Mr. Forma and Mr. Nichols provided a report on the time weighted performance summary. They noted that low quality and small cap have been doing better this year. They reported that the last five and a half months have been more volatile but more normal than what was occurring. Mr. Forma noted issues with global trade. Chairperson Taylor asked questions for the annual report. Mr. Nichols noted that rate of return for town plan was 5.66% (an increase of \$1,165,000 from last year).

Mr. Forma and Mr. Nichols provided follow up discussion to the asset allocation study. Mr. Forma briefly highlighted the Pension and Benefits Board asset allocation survey results. Mr. Forma reported an 8.25% rate of return before fees to get a 7.5% ADC. Mr. Forma and Mr. Nichols reviewed a series of portfolios of all indices that reflected a 40% income and 60% equity allocation. Mr. Tracey inquired about investment grade bonds. Mr. Nichols noted that investment grade managers are intermediated managers. Ms. Palladino asked about high yield bonds and noted that she thought this allocation should be an offset to the equity exposure. There was discussion of the addition of emerging markets, discussion of junk bonds, and discussion of a balance of upside and downside.

Mr. Forma discussed different 60/40 portfolio groupings. Ms. Palladino noted matters related to the investment policy statement. She discussed 70/30 allocation returns versus 60/40 allocation returns. Ms. Palladino noted that the 60/40 Barkley's Aggregate allocation on the bottom of the asset allocation report appears to have the best numbers. Mr. Nichols noted downside protection issues for that allocation. Mr. Pataska asked about current contributions and allocations. A discussion of cash flow took place. Further discussion of high yield allocations took place. Ms. Palladino suggested that the next step is to rewrite the investment policy

statement to give Morgan Stanley direction for what the Pension and Benefits Board wants to accomplish. Further discussion of cash allocations took place, and Mr. Tracy gave a new asset allocation for Morgan Stanley to run which put high yield into equities and tweaked some of the other allocations. Mr. Forma and Mr. Nichols will run a new model based on discussion for further review.

Chairperson Taylor left the meeting at 7:25 p.m. Ms. Dallas chaired the remainder of the meeting. At this point a quorum was no longer present.

Adjournment

A **motion** was made by Lynn Dallas and seconded by Paul Tracey to adjourn. Discussion of allocation wrapped up. The Pension Liaison Report will be moved to top of future agendas. If necessary a special meeting can be called to meet with Morgan Stanley. All in favor. Meeting adjourned at 7:50 p.m.

Upcoming Meetings:

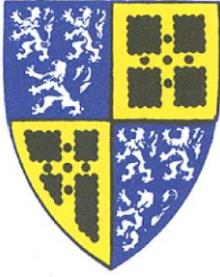
Special Meeting Monday, July 23, 2018 at 9:30 a.m.

Regular Meeting Thursday, September 27, 2018 at 6:30 p.m.

Respectfully Submitted,

Timothy Kellogg,
Board Secretary

Addendum: Retirements and Pension Payroll Status Report



TOWN OF OLD SAYBROOK
Accounting Department

302 Main Street □ Old Saybrook, Connecticut 06475-1741
Telephone (860) 395-3132 □ FAX (860) 395-1216
janet.vinciguerra@oldsaybrookct.gov

Retirements and Pension Payroll Status Report
June 28, 2018 PBB Meeting

- I. July 1st Pension Payroll:
 - Town/PD/BOE – 85 retirees; gross payroll \$126,229.10
 - FD – 26 retirees; gross payroll \$9,194.41

- II. Upcoming retirements:
 - John Porter (Public Works): August 1st. As of July, he will have 36 years of service with the Town.

- III. On June 9th, Police Officer Allyson Tanner was granted a change in status from full-time patrolman to part-time per diem employee. She is now pursuing a new business on Main Street, Kur Cryotherapy & Recovery Spa. She has requested a refund of her pension contributions.

- IV. Laura Hancock from ICMA will be at Town Hall on Monday, July 16, at 9:30 a.m. to 4:30 p.m. in the second floor conference room to meet with employees who have questions about their 457 and 401(a) accounts.

Respectfully submitted,

Janet Vinciguerra
Employee Benefits Coordinator & Pension Liaison