



Old Saybrook Pension and Benefits Board
Thursday, February 22, 2018
6:30 p.m.
First Floor Conference Room

Regular Meeting Minutes

Attendees:

Members Present:

- Suzanne Taylor (Chair)
- Ray Muratori
- Carol Voigt
- Rowena Moffett
- Lynn Dallas
- Carl Fortuna, First Selectman

Others Present:

- Lee Ann Palladino, Finance Director and Plan Administrator
- Janet Vinciguerra, Pension Board Liaison
- Tom Forma, Morgan Stanley
- Timothy Kellogg, Board Secretary
- Becky Sielman, Milliman Actuarial Services

Call to Order

Chairperson Taylor called the meeting to order at 6:32 p.m.

Public Comment

No public comment.

Approval of the Minutes of January 25, 2018

The minutes of January 25, 2018 were reviewed.

- A **motion** was made by Carl Fortuna and seconded by Ray Muratori to approve the minutes as presented. All in favor. Minutes approved as presented.

Welcome and Chair's Report

Chairperson Taylor gave her report. She reported on labor negotiations contracts. She noted that it is clear what employee options are for the DC & DB plans. She discussed contract length and benefits. Chairperson Taylor discussed life insurance options for the town. There was discussion of OPEB calculations. There was continued discussion of benefits contracts. It was noted that town employee benefits contracts are on file in the Town Clerk's office and available online.

Chairperson Taylor shared an article from *P&I* magazine.

Chairperson Taylor discussed the potential of a retirement and savings planning opportunity for town employees.

It was shared with the board that the town is considering bi-weekly payroll.

There was some discussion of financial magazines and making them available to town employees.

Investment Report – Tom Forma and Kevin Nichols

Tom Forma gave the Morgan Stanley investment reports and investment performance summary. He noted that after February's market correction event, things are back to normal. Stocks and bonds fell in February but are back to normal.

Actuarial Report – Becky Sielman

Becky Sielman shared that she is now on the CPPF board. Becky highlighted this May 2nd's CPPF conference in Rocky Hill and a Milliman employee who will be giving a presentation on disability benefits. Brief discussion of disability insurance took place.

Becky shared Milliman's *2017 Public Pension Funding Study*.

Becky reported on the draft valuation plans for the two town pension plans. She reported that good things happened to the Town employee pension plan. She highlighted actuarial gains for the town plan that included recent retirements and deaths. As well as lower compensation increases than expected and investment growth. She also reported that when taking all of the actuarial gains and losses into consideration, the ADC is at \$575,000.00.

There was discussion of the OPEB funds still having to be accounted for with the ongoing provision of life insurance recently negotiated in two contracts.

Becky reported one assumption change with the town plan. She noted the separation of town and fire pension plans. She reported that with administrative expenses being taken from plan funds, administrative costs are taken into account when calculating the contribution. Discussion of the assumption and the ADC took place.

Becky reported on the valuations for the fire pension plan and said that actuarial gains and losses were virtually flat. She noted that the ADC is less than last year due to investment gains. She recommended that the board adjust the discount rate down to 7.5%. Becky reported that the fire plan is 50% funded, although the ADC has been fully paid. Both the town pension plan and the fire department plan are on schedule to be fully funded in 19 more years if the full ADC is paid annually.

Milliman requested the approval of the administrative expenses load for both plans and lowering the interest rate assumption for the fire department plan to 7.5%, to match the previous year's discount rate change for the town plan.

- A **motion** was made by Carl Fortuna and seconded by Lynn Dallas to approve the administrative expense load for both plans and lowering the interest rate assumption for the fire department

plan to 7.5%, to match the previous year's interest rate change for the town plan. All in favor.
Motion approved.

Plan Administrator's Report

Ms. Palladino reviewed the monthly pension report. She discussed the cash flows for both the Town and Fire pension plans and reviewed the expenses being drawn from the plans for FY18 and prepared a schedule of likely expenses for next fiscal year.

Report and Update by First Selectman

Carl Fortuna credited Lee Ann for her knowledge and improvements to the pension board and town finances. He extended credit to the team working with Lee Ann.

Chairperson Taylor commended new board members and reminded the board of last month's recognition of Rowena Moffett's commitment to the board.

Carl Fortuna reported that there have been no updates or changes on the status of an early retirement request versus disability request. Some discussion took place.

Carl Fortuna reported on the Summary Plan Description of the new Defined Contribution Plan. Work on the Summary Plan Description is to be continued with Lynn Dallas agreeing to sit down with a small committee to continue exploration of further data provided by Laura Hancock from ICMA.

Carl Fortuna reported that the one pending legal issue related to an OPEB Other Post Employment Benefits is still pending.

Pension Liaison Report

Janet Vinciguerra reported on recent retirement activity. She reported on the March 1 pension payroll. The town, police department, and Board of Education had 83 retirees, with a gross payroll of more than \$122,000.00. She reported that the fire department had 25 retirees with a gross payroll of more than \$9,000.00. She noted there were no changes from last month.

Janet reported on upcoming retirements. There are three retirements planned to take place between now and August 1, 2018.

Janet thanked Pension and Benefits Board Member Ray Muratori for his assistance and advice concerning taxable group term life insurance costs reportable on 1099Rs.

New Business

Board members were encouraged to consider attending the May CPPF seminar with regard to finding more details about providing disability insurance to DC Plan Participants.

Next Meeting: Thursday, March 22, 2018 at 6:30 p.m.

Adjournment

A **motion** was made by Ray Muratori and seconded by Carl Fortuna to adjourn. The meeting was adjourned at 8:07 p.m.

Respectfully Submitted,

Timothy Kellogg,
Board Secretary