



Old Saybrook Pension and Benefits Board Regular Meeting  
Thursday September 27, 2018  
6:30 p.m. Town Hall – 1<sup>st</sup> Floor

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### **Attendees**

Board Members: Chairperson Suzanne Taylor, Lynn Dallas, Paul Tracey, Ray Muratori, Carl Fortuna (First Selectman), Rowena Moffett.

Consultants: Lee Ann Palladino (Pension Plan Administrator and Finance Director), Janet Vinciguerra (Pension Board Liaison), Kevin Nichols and Tom Forma (Morgan Stanley).

Others: Timothy Kellogg (Secretary).

Public: None.

### **Welcome and Public Comment**

Chairperson Taylor called the meeting to order at 6:30 p.m. She welcomed the board and consultants back from the summer break. No public was present for comment.

### **Approval of the Minutes**

The regular meeting minutes from June 28, 2018 and the special meeting minutes from July 23, 2018 and August 13, 2018 were reviewed.

- A **motion** was made by Carl Fortuna and seconded by Paul Tracey to approve the June regular meeting minutes. All in favor regular meeting minutes approved as presented.
- A **motion** was made by Carl Fortuna and seconded by Ray M. to approve the July and August special meeting minutes. All in favor special meeting minutes approved as presented.

### **Chair's Report**

Comments by the Chair

Chairperson Taylor has been working on the annual report, which she presented to the board, in preparation for the town's annual meeting in November.

Report from Opal Meeting in Newport on Public Pension Funds

Chairperson Taylor reported on an Investment Education Symposium from New Orleans. Discussion of an upcoming pension seminar in Rocky Hill took place. Chairperson Taylor made additional comments on Opal conference and the rules and options for a casual gathering of board members.

The conference was discussed. Mr. Forma shared about a forum on pension vs, OPEB liability responsibilities. Chairperson Taylor shared research on DC plan challenges. Some discussion took place on the subject of each individual's awareness of their role in managing their DC plan. The board will notify employees on how they can access additional information on their DC plans.

Dr. Taylor also encouraged Board Members to attend the next Connecticut Public Pension Forum on October 24<sup>th</sup> In Rocky Hill.

### **Pension Liaison Report – Janet Vinciguerra**

Ms. Vinciguerra shared the Pension Liaison Report (see attached). Discussion of a pending disability issue took place.

## Finance Consultants Report

### Investment Report – Tom Forma and Kevin Nichols

Mr. Forma shared the time weighted performance summary, which is up 3.40% for the quarter to date.

#### Discussion on Investment Policy update

Discussion of asset allocations took place. Mr. Forma reviewed past strategies and new strategies, highlighting diversification. Mr. Forma reviewed asset categories, namely high yield bonds and emerging markets. Mr. Forma reviewed previous portfolio selections. Ms. Palladino discussed revision of the investment policy statement as it relates to the asset allocation. She highlighted page 5 of 32 of the asset allocation study. She reviewed the benchmark index 40% Barclays Agg. And 60% S&P, and said that the basic and simple asset allocation index outperformed active management over the entire time horizon. She asked if the board is comfortable with the 60/40 allocation, if so then the investment policy statement can be adjusted accordingly. Mr. Nichols discussed preparing for the range of outcomes related to risk management. Discussion took place regarding asset classes, the 60/40 allocation, and the frequency of changes to the investment policy statement. Ms. Palladino noted that the investment policy should be updated when you make an allocation change and reviewed annually. There was further discussion of the invest policy statement, regarding past and future revisions. Mr. Forma highlighted the chart on pg. 4 of tab 2 of the allocation study. Mr. Tracey encouraged more tactical discussion and flexibility for changes. Ms. Palladino asked if the board wanted Morgan Stanley to make the suggested allocation changes. Mr. Forma reviewed the pie chart on the left page 4, tab 2. The following is a description of the targeted allocation discussed and sent to the board by Morgan Stanley: 60% Equities/38% Fixed Income/2% Cash. Equities: 15% S&P 500 Index (SPY), 8% Aristotle Value Equity SMA, 7% John Hancock Fundamental Large Cap Core SMA, 7% Congress Mid Cap Growth SMA, 3% Segal Bryant and Hamill SMID Core SMA, 15% Schroder's International Alpha SMA, and 5% Lazard Emerging Markets Equity Core SMA. Fixed Income: 20% Eaton Vance Short Term Corporate Bond Ladder SMA, 11% Boyd Watterson Intermediate Term Fixed Income SMA, and 7% Voya Investment Management High Yield Fixed Income SMA. Cash: 2% Invesco Conservative Income Money Market Fund – ICIFX.

- A **motion** was made by Carl Fortuna and seconded by Lynn Dallas to add asset allocation modification discussion and action to the agenda. All in favor. Motion approved.
- A **motion** was made by Paul Tracey and seconded by Lynn Dallas to accept the previously stated targeted allocation as discussed. Giving Morgan Stanley authority to take those amended actions as they see fit. Discussion of the motion took place. Morgan Stanley to send a targeted allocation to be included in the minutes (see above). All in favor. Motion approved.

The investment policy amendment will be amended at a future meeting to reflect the asset allocation modification.

Mr. Nichols reported on foreign securities, holdings, and foreign taxes analysis. He highlighted a service for foreign tax direct payments.

- A **motion** was made by Carl Fortuna and seconded by Paul Tracey to add to the agenda to discuss and possibly act on engaging Globe Tax as a foreign third-party provider. All in favor. Motion approved. Discussion took place.
- A **motion** was made by Carl Fortuna and seconded by Paul Tracey to hire Globe Tax for foreign tax recollection. All in favor. Motion approved.

Mr. Forma reviewed the state municipalities pension plan performance summary noting that the Town of Old Saybrook fell within the top third of the performance ranking.

## **Plan Administrator's Report**

### **Status of Actuary Contract**

Ms. Palladino reported that the Pension and Benefits Board hired Milliman Actuarial Services and the contract is fully executed in accordance with the RFP.

Ms. Palladino provided an update on 2017-18 Pension and Benefits Board expenses.

Ms. Palladino led a discussion on possible actions for plan amendment. She noted the proposal, created by the Pension and Benefits Board's pension attorney, was previously emailed to board members. She highlighted the necessity of having a plan amendment to provide the bridge between the DB and DC plans. She reviewed changes and highlighted the opt out criteria. She noted a public safety tax benefit was added.

- A **motion** was made by Carl Fortuna and seconded by Paul Tracey to amend the plan amendment to remove the incentive amount section as modified during discussion to reflect that it was a one-time offer for non-vested employees and make that a memo outside of the plan document. Discussion: incentive amount discussed. All in favor. Motion approved.

### **Other**

There was discussion of DB plan summary document update. The DB plan summary will be on the agenda for October.

## **Other Old Business**

None.

## **Other New Business**

None.

A **motion** was made to adjourn by Paul Tracey and seconded by Ray Muratori. Meeting adjourned at 8:13 p.m.

*Next Meeting: Thursday, October 25, 2018*

Respectfully Submitted,

Timothy Kellogg,  
Pension and Benefits Board Secretary

Enc. Pension Liaison Report, 2017-2018 Pension and Benefits Board Expenses



# TOWN OF OLD SAYBROOK

## Accounting Department

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## Retirements and Pension Payroll Status Report

September 27, 2018 PBB Meeting

I. August 1<sup>st</sup> Pension Payroll:

- Town/PD/BOE – 86 retirees; gross payroll \$129,542.95 (one new Town retiree)
- FD – 26 retirees; gross payroll \$9,194.41

September 1<sup>st</sup> Pension Payroll:

- Town/PD/BOE – 86 retirees; gross payroll \$129,542.95
- FD – 26 retirees; gross payroll \$9,194.41

October 1<sup>st</sup> Pension Payroll:

- Town/PD/BOE – 86 retirees; gross payroll \$129,542.95
- FD – 26 retirees; gross payroll \$9,194.41

II. Upcoming retirements:

- No pending retirements to report

III. Pension Contribution Refunds:

Bernadette LaDone, Board of Education employee for 6 years. Her contributions plus interest totaled \$14,007.29

Respectfully submitted,

Janet Vinciguerra

Employee Benefits Coordinator & Pension Liaison

## Town Pension Plan Cash Flows

Fiscal Year	Account Code	Fiscal Year Expense Amount	Employee contributions	Total Benefit Payments	Plan Expenses
18	Pension Payroll	\$1,419,688.35	\$0.00	\$1,419,688.35	\$0.00
18	PBB salary expense	\$491.29	\$0.00	\$0.00	\$491.29
18	Non vested Payout	\$92,718.86	\$0.00	\$92,718.86	\$0.00
18	Employee Contributions	(\$344,580.34)	(\$344,580.34)	\$0.00	\$0.00
18	Plan Expenses	\$51,459.56	\$0.00	\$0.00	\$51,459.56
<b>Overall - Total</b>		<b>\$1,219,777.72</b>	<b>(\$344,580.34)</b>	<b>\$1,512,407.21</b>	<b>\$51,950.85</b>
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## Fire Pension Plan Expenses

Fiscal Year	Account Code	Fiscal Year Expense Amount	Employee contributions	Total Benefit Payments	Plan Expenses
18	Pension Payroll	\$103,057.34	\$0.00	\$103,057.34	\$0.00
18	Plan Expense	\$13,862.00	\$0.00	\$0.00	\$13,862.00
Overall - Total		\$116,919.34	\$0.00	\$103,057.34	\$13,862.00
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## Town Pension Plan Cash Flows

Fiscal Year	Account Code	Fiscal Year Expense Amount	Employee contributions	Total Benefit Payments	Plan Expenses
19	Pension Payroll	\$514,857.95	\$0.00	\$514,857.95	\$0.00
19	PBB salary expense	\$94.87	\$0.00	\$0.00	\$94.87
19	Non vested payout	\$22,037.35	\$0.00	\$22,037.35	\$0.00
19	Employee contributions	(\$76,934.32)	(\$76,934.32)	\$0.00	\$0.00
19	Morgan Stanley cont	(\$210,000.00)	\$0.00	\$0.00	\$0.00
19	Plan Expenses	\$4,671.96	\$0.00	\$0.00	\$4,671.96
<b>Overall - Total</b>		<b>\$255,041.97</b>	<b>(\$76,934.32)</b>	<b>\$536,895.30</b>	<b>\$4,766.83</b>
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## Fire Pension Plan Expenses

Fiscal Year	Account Code	Fiscal Year Expense Amount	Employee contributions	Total Benefit Payments	Plan Expenses
19	51610	\$36,777.64	\$0.00	\$36,777.64	\$0.00
19	53060	\$0.00	\$0.00	\$0.00	\$0.00
19	53070	(\$20,000.00)	\$0.00	\$0.00	\$0.00
19	55010	\$1,592.50	\$0.00	\$0.00	\$1,592.50
Overall - Total		\$18,370.14	\$0.00	\$36,777.64	\$1,592.50
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