Old Saybrook Pension and Benefits Board Special Meeting
Thursday, March 24, 2022
8:30 a.m.
First-floor Conference Room, Town Hall – Hybrid Meeting

To access the audio from this meeting, please use the following link:
https://youtu.be/xKojBx-OmVo

Meeting Minutes

Attendees

Members Present:
Darrell Pataska
Carl Fortuna, First Selectman
Paul Tracey
Rowena Moffett
David Sparrow

Others Present:
Lee Ann Palladino, Finance Director & Pension Plan Administrator
Jennifer Donahue, Board Secretary
Joseph Matthews, Morgan Stanley Investment Advisor

Suzanne Taylor, Director Emeritus

Absent: Lynn Dallas

Welcome and Public Comment

The meeting was called to order at 8:33 a.m. by Mr. Pataska. No members of the public were present.

Approval of the Minutes

The minutes of the February 17, 2022 meeting of the board were reviewed. A motion was made by Mr. Sparrow and seconded by Mr. Pataska to approve the minutes as submitted. Motion passed unanimously.

Pension Liaison Report

Ms. Palladino presented the pension reports as Ms. Vinciguerra was on vacation. She noted a number of recent retirements and resignations in Town Hall. The retirements will reduce the number of DB Plan participants and any new hires will be part of the DC Plan. She noted that the payments to the ADC were in line with projections for the current fiscal year and that she expects approval for next year’s budget to pay the recommended ADC in full. Discussion followed related to staffing issues and the town’s ability to compete with the private sector as well as some cost savings that will arise from the restructuring of a couple of positions.
Investment Advisor Report – Morgan Stanley

Mr. Matthews began his report with a bit of historical perspective related to major geopolitical events and their typical effects on financial markets. He noted that oil is up 58% since January 1 and 100% over last year. Value has outperformed growth by 10% and the volatility index, indicating investor fears, is above 30, which is high, something that is seen only about 8% of the time. Despite this, many sources feel that the risk of recession is low and the S&P is expected return about 12% this year and 9% next year. Wall Street is also predicting about 8% growth. With 11.2 million job openings, the consumer price index is also at its highest in 40 years. Personal savings are still high though and this may translate in spending now moving from goods to services as things further open up. US economic growth is predicted to be 4% in the next year.

The Fire Department plan is -3.8% fiscal year to date and is underperforming on some benchmarks but that is expected to improve. International is underperforming and, per Lazard, this is being caused by Chinese policies, Latin American unrest and delayed reopening due to the pandemic. He reviewed the asset classes which were over and underweight as well.

Board members asked about any recent changes to the portfolio and whether investments should be backed off a little in the emerging markets area. Mr. Matthews noted board concerns and the slightly overweight position but felt this is a short-term issue. He pointed out that vaccination is improving across the world, other factors are stabilizing, and this market was due for a correction; based on that he feels it is best to sit tight and things will resolve themselves.

The Town plan is -4.28% fiscal year to date. He reviewed the over and underweight asset classes. He noted that in April they will be recommending a change in the benchmark for the ultrashort.

Mr. Tracey asked Morgan Stanley to generate a report on the activity since the last meeting on a regular basis for both portfolios. Mr. Matthews agreed that would be provided going forward. They will also keep a close eye on the international and emerging markets and look at those for next meeting, though he does not recommend major changes based on short-term goals.

Plan Administrator’s Report

Ms. Palladino gave an overview of the contents of the IPS for the DC Plan and the changes that have been made to it over the previous months. She asked for the board to consider any further comments on the document or, if it seems satisfactory, to approve it. Mr. Tracey made a motion to approve the IPS as drafted. Mr. Fortuna seconded the motion. Discussion followed and Mr. Pataska praised the document’s quality and its usefulness as a fiduciary tool. All agreed and the motion passed unanimously. The document will now go to the Board of Selectmen for approval.

Old Business

There was no old business.

New Business

Mr. Fortuna updated the board on recent revenue gains related to the inflation in the used car market (something Mr. Matthews had referred to earlier). Because the NADA value that is used to calculate car
taxes is up 20-30%, vehicles have become a main revenue driver for next year’s budget and are a main contributor to the mill rate recommendation remaining stable in the next year.

Ms. Moffett made a motion to adjourn seconded by Mr. Pataska. All were in favor and the meeting adjourned at 9:38 a.m.

Respectfully submitted,

Jennifer Donahue

The next meeting will be Thursday, April 28, 2022 at 8:30 a.m. by hybrid meeting format in the Town Hall, first-floor conference room.