Old Saybrook Pension and Benefits Board Special Meeting
Thursday, April 28, 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/gFiUbWfUvco

Meeting Minutes

Attendees

Members Present: Others Present:
Darrell Pataska Lee Ann Palladino, Finance Director & Pension Plan Administrator
Carl Fortuna, First Selectman Janet Vinciguerra, Pension Board Liaison
Paul Tracey Jennifer Donahue, Board Secretary
Rowena Moffett Joseph Matthews, Morgan Stanley Investment Advisor
David Sparrow Kevin Nichols, Morgan Stanley Investment Advisor
Susan Quish Rebecca Lilly, Morgan Stanley Investment Advisor
Suzanne Taylor, Director Emeritus Barbara Labriola, Town Treasurer

Welcome and Public Comment

The meeting was called to order at 8:32 a.m. by Mr. Pataska. No members of the public were present. Mr. Pataska welcomed the newest member of the board, Susan Quish. Mr. Fortuna reported that Ms. Dallas has resigned and that the Board of Selectmen has appointed a replacement, Loraine Cortese-Costa, who will be present at the next meeting.

Approval of the Minutes

The minutes of the March 24, 2022 meeting of the board were reviewed. A motion was made by Ms. Moffett and seconded by Mr. Sparrow to approve the minutes as submitted. Motion passed unanimously.

Pension Liaison Report

Ms. Vinciguerra presented the pension payroll reports and reviewed recent retirements and active employee participant information. Five people have retired or plan to retire by June 1. The first of these retirees will begin receiving payments on the May 1 pension payroll.

Investment Advisor Report – Morgan Stanley

Mr. Matthews reviewed highlights of Morgan Stanley’s market perspective noting that many investments are down and investor anxiety is high. Inflation is also up while consumer confidence is down. The country has 11.5 million open jobs but not enough willing workers to fill them. The Fed is...
very focused on raising short-term interest rates; it is buying less bonds as well. Consumer prices are way up, which is almost like an additional tax to pay especially for the lowest earners.

Mr. Nichols reported on the status of the DB plans noting that currently the cash on hand from interest and dividends is enough to meet the payout needs so they do not have to sell securities at market lows to raise funds. He went over returns and performance noting that there was only one asset class in the positive. He suggested discussing Lazard at the next meeting as it has continued to underperform and has now been slightly downgraded by Morgan Stanley. The town plan is -4.5% net of fees and the Fire Department plan is -3.88 net of fees.

Ms. Lilly reviewed the investment information for the DC plans noting total investments, number of contributors and the asset classes they are invested in. They continue to reach out to employees and will be specifically targeting those who they think may want to reconsider their investments based on the current market climate. Board members noted that they are pleased with the reporting they are receiving and the outreach to employees and that they feel much more well informed now that the DC plan is managed by Morgan Stanley.

Plan Administrator’s Report

Ms. Palladino presented the IPS review for the DB plans. She noted that the last time the board did an asset allocation study was five years ago and she recommended that they perform a mini asset allocation at this time. She also reported that the plan has appropriate liquidity, no compliance issues and returns are above the benchmarks. The suggested changes include the changing of the assumed rate to 6.75% and 6.50% for the Town and Fire pension plans respectively; requiring the Investment Advisor to report any portfolio rebalance activities at the next regularly scheduled PBB meeting; and, changing the short-term ladder benchmark from 1 – 5 years Barclay’s Credit to 1 – 3 years Barclay’s Credit and increasing the top range of this allocation from 8% to 10%. The latter change had been listed as a recommendation from Morgan Stanley.

A motion was made by Ms. Moffett and seconded by Mr. Pataska to approve the recommended changes as submitted. Motion passed unanimously.

Old Business

There was no old business.

New Business

There was no new business.

Mr. Tracey made a motion to adjourn seconded by Mr. Fortuna. All were in favor and the meeting adjourned at 9:51 a.m.

Respectfully submitted,
Jennifer Donahue

The next meeting will be Thursday, May 26, 2022 at 8:30 a.m. by hybrid meeting format in the Town Hall, first-floor conference room.