

Old Saybrook Pension and Benefits Board
Thursday, October 31, 2019
8:30 a.m.
First-Floor Conference Room, Town Hall

Special Meeting Minutes

Attendees

Members Present:

Suzanne Taylor (Chair)
Lynn Dallas
Carl Fortuna, First Selectman
Paul Tracey
Rowena Moffett
David Sparrow
Darrell Pataska

Others Present:

Lee Ann Palladino, Finance Director and
Pension Plan Administrator
Janet Vinciguerra, Pension Board Liaison
Jennifer Donahue, Board Secretary
Tom Forma, Morgan Stanley Investment Advisor
Kevin Nichols, Morgan Stanley Investment Advisor
Joseph Matthews, Morgan Stanley Investment Advisor
J.T. Dunn, Fire Department Representative

Welcome and Public Comment

The meeting was called to order at 8:38 a.m. by Dr. Taylor.

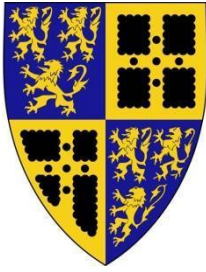
Approval of the Minutes

The minutes of the September 26, 2019 regular meeting of the board were reviewed. A **motion** was made by Mr. Fortuna and seconded by Ms. Moffett to approve the minutes as submitted. All were in favor and the motion was approved.

Chair's Report

Dr. Taylor asked Mr. Sparrow, Ms. Moffett, Mr. Tracey, and Ms. Dallas to report on their attendance at the Connecticut Public Pension Forum. All attendees had positive feedback about the conference and the value of the information presented. Many of the board's practices were affirmed. Some possible suggestions that might be considered for the future include: 1) including a union or employee representative on the board; 2) requiring board members to sign a conflict-of-interest agreement; 3) incorporating a new member orientation into board procedures.

Dr. Taylor inquired about the status of the photocopies of the chapter on governance from the *U.S. Public Pension Handbook* by Von M. Hughes. Ms. Palladino reported that they would be available for the next meeting.



Old Business

At the request of Mr. Dunn and at the agreement of the board, this item was elevated on the agenda. Ms. Vinciguerra distributed a report noting that there had been an inadvertent overpayment of retirement benefits to two Fire Department members. Milliman, the Town's actuary, calculated the overpayment with interest and a repayment plan was proposed.

Ms. Moffett reported that it is the board's fiduciary duty to collect the money and interest on behalf of the Town, while the terms of payment are negotiable.

Mr. Dunn noted that Fire Department members had discussed this issue and were in agreement with the dollar-for-dollar repayment of the principal amount of the overpayments but not with the repayment of the interest which was calculated at a rate of 5%, far more than they would have made on the money that they received through no fault of their own. Mr. Fortuna interjected that the interest could be paid by the Town if the board approved. Mr. Tracey made a **motion** for the Town to reimburse the pension fund for \$30.71 and \$962.08 representing the 5% interest calculated on the two overpayments. Mr. Fortuna seconded the motion and it was so voted unanimously.

Discussion of the payment terms followed and Mr. Fortuna made a **motion** to approve the repayment term choice of Mr. Close of either a check to the Town in the total amount of \$308.25 or election to have the Town withhold \$25.69 a month from his retirement benefits for the next 12 months. Mr. Pataska seconded the motion and it was so voted unanimously.

Mr. Fortuna made a **motion** to approve the repayment term choice of Mr. Lucas of either a check to the Town in the total amount of \$7,226.60 or election to have the Town withhold \$200.74 a month from his retirement benefits for the next 36 months with the caveat that it will be confirmed that those terms will not be a financial burden to Mr. Lucas and that he may elect to have a longer term of repayment if necessary. Mr. Pataska seconded the motion and it was so voted unanimously. The agreed upon terms will be reported at the next meeting.

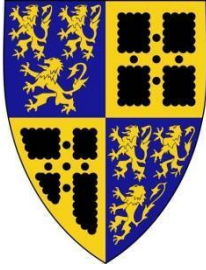
Mr. Dunn was in agreement with the outcome of the board's discussion related to the overpayments and thanked the staff, in particular Ms. Vinciguerra, for all of their help. He left the meeting.

Pension Liaison Report

Ms. Vinciguerra provided the Pension Payroll Status Report for October and reported on the DB and DC statistics. Three new retirees are pending.

Investment Advisor Quarterly Report

Representatives from Morgan Stanley Centre Harbour Group presented their quarterly investment advisor report. All managers but one are beating their benchmarks. The watch list was reviewed and discussed. Reports were reviewed concerning risk vs. benchmark, performance vs. benchmark,



investment manager changes, guidelines for corrective action, and non-permissible investors. It was agreed that the DC Plan relationship would be reviewed at a future meeting as well as its effect on participant financial literacy. A special discussion on liquidity will take place at the January meeting.

ICMA Quarterly Report

Mr. Tracey reported that the 457 Plan assets show a gain of 17% over the last year; this includes cash flow from investment contributions as well as investment return.

Plan Administrator's Report

Ms. Palladino reviewed the current auto enrollment policy for the Town retirement plan as well as her reasoning to recommend not expanding that to include the additional 3% that employees can opt to contribute. The **motion** that was tabled related to this issue at the June and October meetings was put for a vote with all those present voting not to require further auto enrollment.

Ms. Palladino reviewed the year-end summaries for the Town and Fire Department pension plans. Currently, more income is going into the Fire Department plan than is being paid out to retirees, while in the Town plan more is being paid out to retirees than is going in for income. The funds are doing well and are solvent.

Ms. Palladino reported that she is beginning to plan for fiscal year 2021 by starting the budgeting process. During that process the board will have to decide whether to pay the entire contribution suggested by the actuaries.

New Business

There was no new business.

A **motion** was made by Mr. Fortuna and seconded by Mr. Tracey to adjourn. Meeting adjourned at 10:17 a.m.

Respectfully submitted,

Jennifer Donahue

Next Meeting: Thursday, November 21, 2019, 11:00 a.m. at Saybrook Point Inn for benefits discussion and luncheon with Brown & Brown

There will be no December meeting. The first meeting of the new year will be Thursday, January 24, 2020 at 8:30 a.m. in the Town Hall, first-floor conference room.