

**ESSEX RETIREMENT BOARD
REGULAR MEETING
March 11, 2014
Meeting Room B**

Present

Retirement Board Members: Ethan Goller, Stacia Libby, Ellen Whaley-Wexler.

Others Present

Attorney Bruce Barth
Betsy McLaughlin, Retirement Board Clerk
Kelly Sterner, Finance Director

Joanne Phelan, VP; Relationship Manager, Bank of America

Ellen Whaley-Wexler called the meeting to order at 5:10 p.m.

Approval of Agenda

A motion was made by Stacia Libby to approve the Agenda with the addition of two retirement applications to review. Ethan Goller seconded the motion, it was unanimously approved. Motion carried.

Retirement Applications

Kelly Sterner presented two applications for retirement: (1) Marian Staye, Town Retirement Plan; and (2) Gary Weymer, Merit Service Plan. Kelly has represented that the paperwork is in order. The Commission has reviewed it and concurs.

A motion was made by Ellen Whaley-Wexler to approve processing of the retirement applications presented. Ethan Goller seconded the motion, it was unanimously approved. Motion carried.

Bills for Payment

None.

Review of ARC for 2014/15

Kelly distributed copies of the ARC for 2014/15 with attached paperwork from our actuaries, TPS, giving all the required contribution amounts for the three different rate of return assumptions. She included a cover page with a grid showing the shorter and longer amortization periods; the shorter one showing a hefty increase over what we budgeted this current fiscal year and the longer one showing a significant decrease.

Kelly indicated that the Board of Selectmen has passed on their budget to the Board of Finance keeping the same payment of \$333,281 to the Town and the Board of Education paying the same share as last year so that we would end up being at 73.3% of the shorter amortization period and at

122.51% of the longer amortization period, pretty much driving right down the middle. The Board of Selectmen has continued to responsibly fund these funds to keep us on track.

Review/Approval of Minutes

A motion was made by Stacia Libby to approve the January 14, 2014 meeting minutes. Ethan Goller seconded the motion, it was unanimously approved. Motion carried.

Discussions

Receipt/Discussion of Bank of America Services Termination Notice

Ellen Whaley-Wexler provided copies of the February 25, 2014 letter from Bank of America notifying the Town of Essex of their decision to discontinue services to the Town of Essex Retirement Plans due to the stricter regulatory requirements imposed on them for organizations servicing government-related or "Public Fund" entities. Ellen also provided copies of the letter she sent to Town Employees, Fire Department Members, Retirees and Town Officials dated March 5, 2014 notifying them of the upcoming change. A copy was also sent to Steve Olsen for distribution to the Fire Department.

Kelly Sterner noted that a request was received from the Public Works Union Head for a copy of the Bank of America letter.

Joanne Phelan, Bank of America, provided some background on the process leading up to the decision, which started about two years ago when the bank started looking at the reporting requirements of municipalities and states. As a result of the stricter reporting requirements they were faced with, they made a decision to exit the public fund business. Although June 30, 2014 is the transition date indicated in the notification letter, Joanne stated that she realizes 120 days is a more realistic timeframe for an RFP process and that Bank of America will continue to process benefits and manage the plan funds until the transition is complete. Joanne will provide the Commission with a letter from Bank of America that confirms this commitment of service. She also stated that there will be no blackout period. Ellen will provide Joanne with an assessment of a realistic timeframe for an effective date after this meeting's discussion. Joanne stated that Bank of America would like to come back in April for the quarterly plan review.

RFP Process/Timeline to Replace Bank of America

Ellen Whaley-Wexler led the discussion on a vendor transition plan. Attorney Barth was present at the meeting to discuss Board obligations with regard to the change in vendor. It was noted that the Retirement Board has authority for this transition and the process does not need to go to a Town meeting. It will go to the Board of Selectmen as good operating procedure before finalizing.

Ellen provided copies of a calendar and proposed timeline/key dates for a June 30, 2014 effective date, which shows that an October 1 date would be more realistic. She suggested a subgroup be formed to deal with the transition rather than the Board as a whole, which needs to be done as quickly as possible. First Selectmen Needleman had suggested that an outside person, such as Peter Decker, a financial advisor, might be helpful. The subgroup was formed to include Ethan Goller, Stacia Libby, and Kelly Sterner. Peter Decker will also be asked to participate. A timeline will be put together with a goal for a selection date of August 1 and an effective date of October 1. Bank of America will be notified of this timeframe.

Ellen reviewed the key milestones for the RFP process. She thought it might be appropriate to assemble a list of players to target, suggesting an RFI first to find out who is interested in participating. Someone within Town Hall is putting together a control sheet of potential organizations and their responses. The RFI will be on the Town website.

The tasks of the Subgroup will be (1) to scope out the RFI and timeline; (2) to agree on the structure and content of the RFP; and (3) to develop a score sheet on how to evaluate the proposals (to be created before the proposals are received).

Ellen provided some information from CCM showing Public Retirement Fund Managers/Administrators and their fees for some of the towns and municipalities in Connecticut. She provided copies of the Investment Policy Statement prepared for the Town of Essex Retirement Plan and a packet containing articles that discuss the selection of a pension plan custodian. She will also send links to additional information so that everyone has a chance to educate themselves on the process before the next meeting. Kelly Sterner provided everyone with a copy of the Bank of America Fee Schedule for the three accounts and the TPS Group fees for actuarial service administration.

Attorney Barth will advise the Board as to the minutes and posting requirements for the meetings of the subgroup.

The subgroup meeting dates were scheduled as follows: Thursday, March 20; Tuesday, March 25; and Tuesday, April 1. The meetings will be held at 5:00 p.m. at a location to be determined.

The goal of the subgroup will be to agree on an RFI, bid list and RFP outline at the March 20th meeting and to have a working copy of the RFP done for the next Board meeting on Tuesday, April 8. Ethan Goller will take the investment side, Stacia the actuarial and Ellen the structure. Ellen stated that many of the plans refer to a statement of conflict of interest or non-collusion by vendor, and Attorney Barth recommended that we include that as well.

Kelly Sterner will be the single point of contact during the process for technical and administrative matters, and anything else will be directed to the Board.

A motion was made by Ethan Goller to adjourn the meeting at 6:40 p.m. Stacia Libby seconded the motion, it was unanimously approved. Motion carried.

Respectfully submitted,

Betsy McLaughlin
Retirement Board Clerk