

**ESSEX RETIREMENT BOARD
REGULAR MEETING
January 14, 2014
Meeting Room B**

Present

Retirement Board Members: Carl W. Ellison, Stacia Libby, Ellen Whaley-Wexler.

Others Present

Kelly Sterner, Finance Director
Betsy McLaughlin, Retirement Board Clerk

Joanne Phelan, VP; Relationship Manager, Bank of America
Paul Musarra, Investment Portfolio Strategist, Bank of America

Ellen Whaley-Wexler called the meeting to order at 5:07 p.m.

Approval of Agenda

A motion was made by Stacia Libby to approve the Agenda with no changes. Carl Ellison seconded the motion, it was unanimously approved. Motion carried.

Approval of Minutes

A motion was made by Stacia Libby to approve the November 12, 2013 meeting minutes. Carl Ellison seconded the motion, it was unanimously approved. Motion carried.

The December 10, 2013 meeting minutes were reviewed but not voted on as there was no quorum for that meeting but will serve as notice of matters discussed.

Discussions

Ellen stated after bringing in ING in the spring to discuss moving from a defined benefit plan to a defined contribution plan, the Selectmen have kept in touch with them and have come to the conclusion that they are not going to take any action at this time. Kelly stated that the plan is currently well funded; and although it is not a golden plan by any means, there is no big financial risk at this time.

Budget Planning

The spreadsheet comparison of actuarially determined contributions for fiscal year 2013-2014 prepared by Kelly Sterner was reviewed and discussed in order to set parameters for the actuary to calculate the annual contribution. Ellen shared by way of background information a 2013 Public Pension Funding Study summary prepared by Milliman and some articles discussing pension plan interest rate assumptions which show that most plans are in the 7.25 to 7.75% range. She stated that although this information doesn't give us a crystal ball, she feels comfortable suggesting to the Board a 7.25 to 7.75% interest range and the two-tier amortization range of 5 & 9 years and 15 & 19 years, which will give the Selectman a good way to test what they can afford in the budget.

After discussion of the interest and amortization ranges presented in Kelly's spreadsheet and the other background information provided, Carl Ellison moved based on the Milliken study and some other plans to approve an interest range of 7.25 and 7.75%, to drop 6, 7 & 8%, and to approve the two-tier amortization range. Stacia Libby seconded the motion, it was unanimously approved. Motion carried.

Bank of America

Joanne Phelan, Bank of America, stated that in keeping with the Dodd-Frank Act, Bank of America would like to make sure that if a municipality has taken out a pension obligation bond to specifically fund the pension, they want that to be disclosed. Kelly Sterner stated that the Town has never taken out a pension obligation. She will confirm this in an e-mail to Bank of America.

Members reviewed and discussed the Town of Essex Investment Portfolio presented by Paul Musarra, Bank of America, which included asset allocations and portfolio holdings as of January 9, 2014, current vs. prior asset allocations, and investment performance as of January 31, 2013. He stated that they have brought in some new managers and moved into the new asset allocations we agreed to with just a slight difference based on Bank of America's views of the market. Overall, the change in market value is very good and provides a good way to bank some of the profit and use to improve funding in the future.

Bank of America will next provide an updated report thru March 31st and plan to attend another meeting in September unless something needs to be brought to our attention before then.

Review/Approval of Administrative Items

Bills for Payment: Kelly Sterner presented three invoices for payment from Pension Services in the total amount of \$2,166: one in the amount of \$906 for the Defined Benefit Plan; one in the amount of \$830 for the merit plan, and one in the amount of \$430 for the police retirement plan. A motion was made by Carl Ellison to approve the Pension Services invoices. Stacia Libby seconded the motion, it was unanimously approved. Motion carried.

A motion was made by Stacia Libby to adjourn the meeting at 6:04 p.m. Carl Ellison seconded the motion, it was unanimously approved. Motion carried.

Respectfully submitted,

Betsy McLaughlin
Retirement Board Clerk