

TOWN OF ESSEX

ESSEX RETIREMENT BOARD

Regular Meeting

March 12, 2019

Essex Town Hall, Meeting Room B

Present

Retirement Board Members: Peter Decker, Ethan Goller, Stacia Libby, Mary-Louise Polo, Ellen Whaley-Wexler.

Others Present

Art Meizner, Hooker & Holcombe
Kelly Sterner, Finance Director

Ellen Whaley-Wexler called the meeting to order at 5:05 p.m.

Review/Approval of Prior Minutes

A motion was made by Peter Decker to approve the minutes of the April 10, 2018 regular Board meeting. Ethan Goller seconded the motion, it was unanimously approved.

A motion was made by Ethan Goller to approve the minutes of the November 13, 2018 regular Board meeting. Mary-Louise Polo seconded the motion, it was unanimously approved.

A motion was made by Ethan Goller to approve the minutes of the December 17, 2018 Special Board meeting. Stacia Libby seconded the motion, it was unanimously approved.

Approval of Request for Benefits

A request for normal retirement benefits has been received from an employee who worked for the Town from 1992 to 1998. This employee is actually more than a year past her normal retirement but had not submitted a formal request to commence benefits at that time. Kelly attempted to contact her by telephone, email, and ultimately by letter to her last known address. She responded to the letter and said she didn't know she was eligible even though she had been previously been sent a letter saying she was eligible at age 65.

Kelly asked the Board to review and approve the request to commence benefits effective February 1, 2019 as the request was received in January 2019 and it is our normal procedure to make the effective date the month after the request is received. Kelly is satisfied that the application meets all of the Plan requirements.

The request was reviewed and discussed. Applicants are advised that it is their responsibility to file their requests with the Essex Retirement Board 90 days before their normal retirement date and the Board noted that this applicant had not requested that her request be back dated.

A motion was made by Ethan Goller to approve the January 2019 request for benefits by the individual described above to process and commence regular retirement benefits on February 1, 2019. Stacia Libby seconded the motion, it was unanimously approved.

Discussion of Potential Change to Town Plan

Kelly stated that this subject may be just a subtle thing and may not require any action on the Board's part but thinks it is something that needs to be documented for the benefit of future Board members and the public.

The Summary Plan description contains specific language in the Eligibility and Participation section with respect to Town employees that are covered as well as some Town of Essex- Board of Education employees that are not covered by other Region 4 School retirement plans. The Plan does not list these Town of Essex- Board of Education employees specifically – but Kelly reminded the Board that the following positions have generally been covered under the Town Retirement Plan including the secretary, custodian, school nurse, and network technician.

The Board was advised that in the current school budget process, they are considering the move of some employees from the Town of Essex elementary school employee roster, up to the Supervision District at the end of this current year, giving the Region more flexibility to use them throughout the Region 4 school district where they need them.

At this time, the only position identified for a move out of the Town of Essex employee roster is the network technician. The effect of this change, if passed, is that at the end of the current year this employee will become a Supervision District employee rather than an Essex Board of Education employee. As a result, the person in this position now who will have put in four years by the end of the year (must have 5 years to vest) will lose his credited years of service and potential future Town of Essex retirement benefit. It was noted to the Board that the affected employee would not have been vested in the plan until 2021. Kelly has advised the Region 4 Supervision district administration, specifically - Pam Murphy, Director of Technology for the Regional School District, of this issue and its impact on the individual that is being affected by the potential move. It is Kelly's understanding that Pam has explained verbally to the employee that he will lose his years of service for purposes of vesting and be removed from the Town Retirement plan, and that he is fine with it.

The situation was discussed and there was Board consensus that this change needs to be documented in writing to all parties that are affected: Town of Essex, Superintendent of Region 4 School District, Essex Elementary Board of Education and the affected employee. The Board wants to ensure that the employee clearly understands his four years are lost and he is not going to be grandfathered.

It was suggested that Attorney Barth be asked to review the issue, advised of all the facts, and draft a letter to the employee and all parties for the Board's review. Ellen and Kelly will review the letter, ask for the Board's review and approval, and advise the appropriate parties of what we are doing, including the First Selectman, Pam Murphy, and the head of the Supervision District.

A motion was made by Ethan Goller to approve moving forward on this matter as discussed above., including authorizing Kelly and Ellen to proceed with Attorney Barth and reaching out to all parties before the next Board meeting. Peter Decker seconded the motion, it was unanimously approved.

Discussion of Creating Investment Subcommittee

Peter Decker presented his proposal to create a subcommittee to meet with Hooker & Holcomb on a regular basis to monitor the investment of the Town retirement funds, his rationale for same, and how it might work.

The proposal was discussed and there was consensus that the proposal would improve the fiduciary oversight of the Town funds. This subcommittee would function as an analytical group and to make recommendations to the Board as a whole. It would not have independent decision-making authority, and its role and responsibilities would need to be clearly defined.

A motion was made by Mary-Louise Polo to move the proposal forward with Peter Decker, Kelly Sterner, and Ellen to flush out, edit, and present as a concept proposal to the Board of Selectmen for feedback and approval. Stacia Libby seconded the motion, it was unanimously approved.

Hooker & Holcomb Investment Update

Art Meisner presented the 2018 Fourth Quarter Plan Review, which included a review of stock market performance, global equity market returns, fixed income yields and return, the asset allocation line graph, the weekly market review, portfolio overviews, and fund performance reports.

The review was discussed, and specific questions were asked about fund performance. Art stated that we are performing a little better than peer towns because we are more aggressive and diversified, and that the portfolios are rebalanced every quarter. Art is not recommending any changes or putting anything on watch at this time and thinks we will stay where we are for the next three to six months. Art will send members the requested Morningstar ratings. It was also noted that the actuary is currently using a 7 1/8 percent rate of return for purposes of determining the annual contribution with a gradual goal of six percent. As that percentage changes, our portfolios will be changed to offset this.

Adjournment

A motion was made by Peter Decker to adjourn the meeting at 6:10 p.m. Stacia Libby seconded the motion, it was unanimously approved.

Respectfully Submitted,

**Betsy McLaughlin
Retirement Board Clerk**