

From: Susan Mazurski June 11, 2012 8:59:39 AM
Subject: Pension Committee Minutes 04/03/2012 Approved
To: SimsburyCT_PensionMin
Cc:

TOWN OF SIMSBURY
PENSION COMMITTEE

Minutes of Special Meeting
April 3, 2012

The meeting began at 7:04 p.m. In attendance were: Thomas Cooke, Director of Administrative Services; Mary Ann Harris, Finance Director; Nick Mason and Paul Henault from the Board of Finance; Burke LaClair, Business Manager for the Board of Education; Michael Wade and Michael Goman from the Board of Education; Moira Wertheimer and Lisa Heavner from the Board of Selectmen, and Paul McAllenney and Phil Schultz, members-at-large.

Mr. Cooke opened, stating that this meeting would be strictly organizational. The first order of business was to ask for co-chairs to lead future Pension Committee meetings. This topic stirred discussion about whether a Pension Committee was truly needed. Currently, the town has a paid advisor. It was noted that the Pension Committee is not a charter-defined subcommittee of the Board of Selectmen. It is purely an advisory board. Its main objective is to decide on the right balance of investment risk for employee pension plans. As such, it seemed necessary, but it doesn't require a dedicated chairperson. After discussion about the possible appointment of Committee members as chairs, the Committee discussed the appointment of Mr. Cooke act as an administrative chair. Mr. Cooke was agreeable, mentioning that as Director of Administrative Services for the town, he did not have voting rights. Mr. Henault made a motion to have Mr. Cooke serve as administrative chair of the Pension Committee. Mr. Wade seconded the motion. All were in favor, and the motion carried.

The second order of business was to determine the dates and times for future Pension Committee meetings. It was mentioned that it takes FIA about 5 weeks after the close of the financial quarter to have an analysis of investment results available. With this in mind, mid-May, mid-September and mid-November were proposed, with special meetings inserted in between, if necessary. Mr. Wade made a motion to schedule the Pension Committee meetings in February, May, September and November. Mr. Henault seconded the motion. All were in favor, and the motion passed. Mr. Cooke promised to

follow-up by contacting committee members about a preferred day and time. The third order of business was to review two documents:

I. A 2-page letter from Rebecca Sielman, consulting actuary of Milliman, and its 1-page budget attachment. These documents looked at how reducing the interest rate assumptions from 7.75% to 7.50% would affect the town of Simsbury's Retirement Income Plans for General Government, Police, and Board of Education employees. (Figures were based on July 1, 2011 valuation results).

II. A letter from Timothy Ryor of Hooker & Holcombe, Inc. (H&H), a benefit consultant and actuary company. This letter was a summarization of H&H's recommendations for calculating the Annual Required Contribution (ARC) for the town's pension plans for FY2013-14. The recommendations were based upon H&H's January 2012 study and March 2012 report & presentation. Ms. Mary Ann Harris, Finance Director for the town, gave a brief overview of both of these documents.

Discussion followed about whether the Committee should take immediate action to recommend additional payments above and beyond the ARC payment determined by Milliman for FY2013 for the three pension plans. No action was taken.

The Committee also discussed the possibility of having a "Formal Experience Rating Analysis" done by Milliman to fully review the town's ratios and risk for its total base of retirees, active and inactive employees. Ms. Harris explained that the cost would be about \$30,000; it would be paid from the Pension Fund, and a report would be ready in mid-May. The town of Simsbury has never had this done before. Committee members questioned how often it would have to be done, how it would differ from the annual valuation and what additional value the proposed analysis would provide. They agreed to withhold their decision about this matter until they received more information and a better explanation of how the town would benefit from it.

The committee agreed that its next steps included holding a special meeting with Milliman (to discuss the value of the formal experience rating analysis) and Fiduciary Investment Consultants ("FIA") to determine its precise role as investment advisor. There was some confusion about what was stated in the initial report by FIA regarding how funds should be chosen. As a result, Mr. Cooke agreed to find the report and submit copies to all committee members before the special meeting.

Ms. Heavner requested that updating the town's investment policy be listed as an agenda item

for the next Pension Committee meeting.

The meeting was adjourned at 7:50 p.m.

Respectfully submitted,
Lorrie McElligott,
Commission Clerk

