

TOWN OF NEWINGTON
EMPLOYEE INSURANCE AND PENSION BENEFITS COMMITTEE
MEETING VIA ZOOM
Meeting Minutes – March 6, 2023

2023 NOV -9 AM 10:41


Town Clerk

1. Call to Order
Chairperson Tim Manke called the meeting to order at 6:04 pm
2. Roll Call
Members Present: David Johnson, Clarke Castella, William Lichota, Tim Manke, Mitch Page, Anthony Kulowski, and John Slusarski.

Member Absent: Richard Lavariere, Jay Krusell, Matthew Kulowski and Sam Sharma

Staff Present: Janet Murphy, and Jennifer Massaro-Cook
3. Minutes: Approval the meeting minutes from 12/12/2022 – motion made by William Lichota, seconded by John Slusarski. Minutes were unanimously approved.
4. Public Participation – none
5. New Business:

a) Lockton

Tori Perugini from Lockton discussed our claim results through January 2023. Reviewed cost report and then ~~high~~large claim information as how it effects our renewal. Enrollment has stayed consistent with prior policy Majority of employees are in the HSA plan, approximately 82%. Claim trend has ~~im~~approved through January compared to October. Experience detail claim report shows that we are running favorable to our budget. Town claims started well but have picked up. Still showing a 66.5% loss ration which is great. Board of Education is running at 96.9% loss ratio, which is right on target. Currently we have 3 claimants over the stop loss limit of \$175K and should expect to have approximately 7 at this level similar to last year. Dave McCluskey discussed the stop loss renewal and that we are well below both Lockton and market average and should expect to have any increase of approximately \$350 to \$400K for the 2024 fiscal year.

b) UBS

Marc Shegoski, David Sears, and Ashley Martella recapped the changes in the last 12 month. They also spoke about the recent updates to UBS capital market assumptions. Market has not seen the bond market be down this long since 2008. FOMC hiked up at an unprecedented pace in the last 10 months they have been hiked 4.5%. Unable to tell if these fed rate hikes could lead to a recession. Markets are pricing rate cuts despite Fed actions. There is a disconnect over the Feds plan and what the bond market expects. There maybe 4 more hikes by the Feds this year. Credit card balances are going up and house affordability is really high. Most businesses are short staffed while wage growth appears to be stagnating. They do not expect too much from the equity markets and there is a difficult path ahead for the markets.

Pension portfolios were discussed through March 1, 2023. Starting to see international stocks outperform the US stocks recently. Year to date we are seeing a 2.8% weighted return. We are not far off from the allocation target that we have set and changes that they will be recommending. Discussion continued regarding areas and managers where we have our funds invested.

Recommendations were made to 1) Reduce MFS Value by 2.5%, move allocation to Vanguard Total International Index (increases international exposure and trims US Value, maintaining value overweight) and 2) Reduce MFS Value by an additional 2.5% move allocation to DSAM Core Plus Fixed (reduces overall equity allocation to be closer to long term target. Also, gradually extends duration on US fixed income. US Value overweight trimmed, but maintained). Discussion was held regarding these investment changes. John Slusarski made the motion to approve these changes and David Johnson seconded that motion. The motion for recommendations was approved unanimously.

c) Milliman 2023-24 Valuation Report – Kai Petersen

Reviewed all three of the pension plans and the current assumptions in the July 1, 2022 valuation. Demographics for each plan, were discussed noting the difference between the three plans based on the fact that only the Police Pension plan is still open to new members. All pension plans experienced a market loss during the 2022 fiscal year. This year they used the Actuarial Value of the Assets and not the Market Value in an effort to smooth the market volatility in their valuation. John Slusarski questioned why this reset in valuation was not given enough disclosure in the valuation report.

6. Old Business:

- a) Ordinance Change Recommendations – The ordinance changes by John Slusarski were reviewed and additional changes were recommended. William Lichota made the motion to send this ordinance change recommendation to the Council for approval, and Dave Johnson seconded that motion. The motion was approved unanimously. John Slusarski will make the recommended changes to his document and forward it to Janet Murphy for review by our Town Attorney.

7. Remarks by Committee Members – None

8. Next Meeting – TBD – will plan to meet this summer.

9. Adjournment- John Slusarski made a motion to adjourn; seconded by William Lichota. The meeting adjourned at 8:54 p.m.

Respectfully submitted:

Janet Murphy, Director of Finance