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TOWN OF NEWINGTON
EMPLOYEE INSURANCE AND PENSION BENEFITS COMMITTEE 2022 NOV -3 AM 9: 10
MEETING VIA ZOOM
Meeting Minutes – August 15, 2022


Town Clerk

1. Call to Order
Chairperson Tim Manke called the meeting to order at 5:20 pm
2. Roll Call
Members Present: David Johnson, Richard Lavarriere, Tim Manke, Mitch Page, and John Slusarski.
Member Absent: Clarke Castelle, Jay Krusell, Anthony Kulowski, Matthew Kulowski, William Lichota, and Sam Sharma
Staff Present: Keith Chapman, Janet Murphy, Jennifer Massaro-Cook, and Lou Jachimowicz
3. Minutes: Approval the meeting minutes from 6/23/22 – changes were requested from John Slusarski to correct believe to belief in the UBS narrative in the 2nd to the last paragraph. Minutes were unanimously approved with this change.
4. Public Participation – none
5. New Business:

a) Lockton
David McCluskey discussed our claim results for the fiscal year end June 30, 2022. Population of claim members remain consistent with the majority of members enrolled in the family plans. Starting in October 2021 the Town side started to see an increase in claim levels. This increase is being driven by 5 large loss claims for the Town. The Board of Education claims remain consistent with prior year claims. There is 1 Board of Education claim that they will continue to monitor during the new fiscal year. Overall the year over year increase in large claims along with the low level of claims in prior years for the Town is what is driving the large increase that we saw this year. Expecting that we will have an interesting negotiation when we look to renew our stop loss coverage. It is expected that the Town numbers should go back down due to the increase being due to large loss claims. Question was asked if this increase was due to delayed care. It would be hard to tell from the information that they have if this is the case.

b) UBS
Marc Shegoski, David Sears, and Ashley Martella presented their views on the current market along with how our Pension and OPEB funds have performed. At this time the market is very unsettled with 4 or 5 black swan events effecting the market. These include the Ukraine-Russia war, situation in China, and both rising inflation and interest rates. Due to the rapid growth and then growth normalization, there is an increase in inflation and interest rates. Bond market has gone down over 5% which is uncommon. Question remains what does the fed plan to do. There was a strong rebound in July and so far in August but it is still very volatile. Looks like inflation may have peaked but that does not mean that it is going to go down. Projection till year end still expect to be in the central scenario and moderating inflation.

Allocation of funds for the Police Pension shows fixed income allocation below target and equity overweight. US equity currently has the overweight while international is underweight. All of the pension and OBEP funds have the same investments. As of 6/30/22 for the fiscal year we are down 14.23%. Changes of fund managers that were approved at the prior meeting are reflected in

the residual funds that are shown. All of the other funds had similar results. End of July the employer contributions were made and are not reflected in the current results. Results as of August 10, 2022 show the portfolio up 7.2%. Bought into BTI in Mid-June in response to a question from Richard Lavariere which was a good call due to the bounce back that occurred there. Same results for the Municipal, Administrative and OPEB funds. They continue to watch all of the managers to see if any need to make any changes. Worry also continues regarding what the fed will do and so they will keep our investment mix diversified to prevent any great losses. Expect feds to raise the rates two more times before the end of the year for between 100-150 basis points. OPEB does receive an employer contribution at the start of the fiscal year and during the year on a quarterly basis there is a reimbursement to the Town for claim payment so their allocation is slightly different but at the end of the year they will look the same.

Discussion was held regarding the investment policy for the Pension and OPEB funds. Investment policy sets the boundaries for UBS on how they should be handling their fiduciary duties for our funds. Looking to update this policy for the reduction in the actuarial return assumption. They would also like to do at the next meeting an asset allocation study.

- c) Potential Committee ordinance change recommendations: The proposed changes recommended by John Slusarski were discussed. John will make some additional changes to this document which will be shared with the committee and we will discuss at the next meeting with the goal being to send these recommendations to the Council for their approval.

6. Remarks by Committee Members – None

7. Next Meeting – TBD – will plan to meet in November or December.

8. Adjournment- M. Page made a motion to adjourn; seconded by D. Johnson. The meeting adjourned at 6:43 p.m.

Respectfully submitted:

Janet Murphy, Director of Finance