

## MINUTES - EMPLOYEE INSURANCE AND PENSION BENEFITS COMMITTEE

March 9, 2015

- 1) Call to Order: Chairperson Clarke Castelle called the meeting to order at 6:04 p.m. in the Helen Nelson Conference Room.
- 2) Roll Call: Members Present: Sharon Braverman, Clarke Castelle, Beth DelBuono (left at 8:50), Jon Kehl, Jay Slater, John Slusarski, Paul Vessella (left at 8:10) and Michael Wilbur  
  
Members Absent: Dennis Doyle, Jay Krusell and Terrence Sullivan  
  
Staff Present: Ann Harter, Charlene Drzata and Lou Jachimowicz  
  
Others Present: Becky Sielman, Marc Shegoski, Ashley Martella and Dave McCluskey
- 3) Minutes: Jon Kehl made a motion to accept the minutes of November 17, 2014, seconded by Jay Slater. The motion passed unanimously.
- 4) Public Participation: None
- 5) New Business:
  - a) Milliman: Becky Sielman reviewed the summary of the July 1, 2014 valuation results for the Administrative, Municipal and Police pension plans. Becky reported that the investments had a good year with a rate of return in the high 15% for all plans. There was no change in the interest rate assumption of 7.50%. A lengthy discussion followed on long range funding, liabilities and interest rate assumptions. Becky noted that the 7.50% assumption rate is a little too high and that the assumption rate will be gradually lowered by .125% per year to a rate Milliman feels is reasonable. Becky noted that the Town has consistently made 100% of the annual required contributions to the pension plans. The complete July 1, 2014 Valuation reports just received from Milliman will be made available to the committee on the Town's website. Becky reviewed the GASB 67 report for fiscal year ending June 30, 2014 for the Municipal Plan and noted that this report is identical for all three pension plans. Under GASB 67, additional reporting is required to be performed by actuaries for financial statement disclosures which includes more information on investment returns. Related to the GASB 67 pronouncement, Ms. Sielman reviewed the Funding Policy which is a statement of objectives in funding the Town's annual contribution. Ms. Sielman noted that the Funding Policy will be reviewed annually as part of the normal budgetary process. After further discussion, Jon Kehl made a motion to endorse the Funding Policy as presented by Becky Sielman. Seconded by Mike Wilbur. The motion passed unanimously. A brief discussion followed regarding the new mortality tables (RP-2014) that were recently released by the Society of Actuaries. Corporations are required to use them by 12/31/2017. Milliman's analysis of the projections scales included in the mortality tables were weighted too heavily. She explained that more research is required before public plans implemented the tables.
  - b) UBS: Marc Shegoski presented a summary of the market and economic outlook. Ashley Martella reviewed the Pension Fund Performance summary as of December 31, 2014. The 4<sup>th</sup> quarter returns for all pension plans were 2.55% which was ahead of the benchmark of 2.10%. Marc Shegoski reviewed the OPEB investment performance. The returns as of December 31, 2014 were 0.81% which was below the benchmark of 1.82%. After discussing the individual funds, UBS recommended that the 5% position in the Royce Premier Fund within OPEB be replaced with the Vanguard Mid Cap Index Fund. Jon Kehl made a motion to accept the recommendation to replace the Royce Premier Fund with the Vanguard Mid Cap Index Fund while UBS investigates other options. John Slusarski seconded the motion. The motion passed unanimously. Jon Kehl requested that the committee revisit in greater detail the merits of incorporating alternative investments as a piece of the portfolio at future meetings.

c) Lockton: Dave McCluskey reported that the 2014-15 plan year is running with a positive margin of \$572,671 through January 2015. The Town has a positive margin of \$39,859 and the Board of Education has a positive margin of \$532,812. Dave reported that there is one large claim which exceeds 50% of the individual stop loss of \$175,000. Dave reviewed the 2015-16 Anthem BC renewal. The overall increase is 2.4%. There were no increases in the Administrative and Stop loss fees. He noted that trend is running at 8%. The total 2015-16 budget change for the Town is 8.3% and .07% for the Board of Education. Dave noted that the teacher's contract was settled and includes the option to enroll in a High Deductible Health Plan with a Health Savings Account effective 7/1/15.

6) Chairperson Castelle allowed for public participation before Remarks by Committee Members:

Havital Miltz, 168 Nicholson Street, commented that she is all for High Deductible plans. Asked whether the groups would receive information about them. Dave McCluskey responded that educational sessions for employees will begin soon to explain the benefits of the plan.

Remarks by Committee Members: John Slusarski said he has pension plan handouts which he will send to the committee members.

7) Next Meeting: To be determined

8) Adjournment: Jay Slater made a motion to adjourn, seconded by Jon Kehl. The motion passed unanimously. The meeting adjourned at 9:10 p.m.

Respectfully submitted,

Charlene J. Drzata  
Insurance & Benefits Administrator