

**TOWN OF STONINGTON  
RETIREMENT BOARD  
February 14, 2023**

The Stonington Retirement Board held a regular meeting on this date at 9:00 a.m., in the Stonington Police Department Community Room. Patti Burmahl, Retirement Board Chair, hosted this meeting. Board members in attendance were: Patti Burmahl – Chairman, Elliott Clarke, Craig Esposito and Alisha Stripling. Absent board members were: Tim O'Brien. Also, in attendance were Devon Francis, Partner and Senior Consultant from Fiducient Advisors; Scott Boulton, Consultant from Fiducient Advisors; Bethany Wagner, Human Resources Manager for Stonington Public Schools; Donna Devlin, HR Coordinator for the Town of Stonington and James Sullivan, Finance Director for the Town of Stonington. Bruce Barth, Esq. from Robinson+Cole joined the meeting by phone.

The meeting was called to order at 9:00 a.m.

**Approval of Minutes from December 6, 2022**

A motion was made by Mr. Clarke, seconded by Mr. Esposito, to approve the December 6, 2022 meeting minutes. No corrections or changes are necessary. All members voted in favor with the exception of Ms. Sterling who abstained. The Minutes were approved. There was no discussion. Handouts are available in Administrative Services.

**DC Fiduciary Governance Calendar - Practice & Policy Focused**

Mr. Boulton discussed the Fiduciary Governance Calendar. He presented some of the provisions in upcoming regulatory legislative updates including the SECURE 2.0 Act, EARN and RISE & SHINE that are intended to help employees save for retirement. Atty. Barth recommends the Town hold off on any decisions regarding these updates until the IRS provides further guidance. Mr. Boulton reviewed fiduciary best practices and the investment policy statement.

**Review of Portfolio Performance – DC Plan**

Mr. Boulton reviewed market themes including volatility, high inflation, rising interest rates and fears of recession. His economic review touched on the tight labor market. He presented a high-level overview of the asset class returns. It was a very negative year. Commodity markets rose modestly in the fourth quarter and were the standout for 2022. Ms. Francis commented on the 6.4% new inflation reading that came out this morning and a discussion followed. Mr. Boulton discussed the proposed investment menu design and manager performance. All are on maintain status with no concerns. There are no recommended changes at this time.

**Defined Contribution Plan Vendor Consolidation – Update**

Ms. Burmahl provided an update on the Defined Contribution Plan vendor consolidation. There have been bi-weekly meetings with VOYA. The signed Adoption Agreements require Board of Selectmen approval and they will be presented at the February 22, 2023 meeting. The Town is waiting on the detailed communication plan from VOYA. Atty. Barth is reviewing the Services Agreement.

**Review of Adoption Agreements (vote)**

Ms. Burmahl presented the following recommended changes to the Adoption Agreements –  
457(b) Plan Adoption Agreement

- a. Add Roth Elective Deferrals
- b. Clarify the Normal Retirement Age to Age 62
- c. Change the mandatory distribution threshold to \$5,000

d. Permit Loans

401(a) Plan Adoption Agreement

- a. Add Mandatory Contribution is a Condition of Employment
- b. Change the IRA rollover amount if no election to \$5,000.00

A discussion ensued. A motion was made by Mr. Esposito and seconded by Mr. Elliott to approve the recommended changes to the adoption plan agreements outlined by Ms. Burmahl. All voted in favor. The motion carried.

**Fiduciary Governance Calendar**

**Capital market assumptions and asset allocation modeling**

Ms. Francis reviewed the Governance Calendar and Capital Market assumptions. There has been a significant increase in our capital market return expectations particularly in the fixed income environment where the forward-looking outcome is much stronger. Global Equity Markets remains more attractive, but with elevated risks. A healthy balance between domestic and international with an allocation to broad real assets is recommended long term. Ms. Francis explained how persistent volatility, moderating inflation and the bear market bottom will be driving the market this year. Ms. Francis presented the Frontier Engineer Analysis.

**Portfolio recommendations (vote)**

Ms. Francis made several recommendations, with back up choices, for reallocating funds to rebalance the portfolio as shown on the attached Town of Stonington Proposed Portfolio Adjustments chart. A discussion followed. Mr. Clarke made a motion, seconded by Mr. Esposito to approve the recommended portfolio adjustments as indicated on the chart attached to these meeting minutes with all present members voting in favor. The motion carried.

**Review of Portfolio Performance – DB Plan**

Ms. Francis reviewed the portfolio performance. All in the portfolio was up 7.1% for the quarter, but one-year results were still sharply negative. She presented the asset allocation profile. Mostly the Plan was right in line with our target allocation. One of the managers on PGIM Total Return Bond R6 is on discuss status due to two upcoming retirements in 2024. Everything else is on maintain status. She discussed each of the asset class composite results as well as the underlying manager results. There are no recommendations for change.

**Adjourn**

Meeting adjourned at 10:31 a.m.

Respectfully submitted,



Patti Burmahl  
Chairman

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