

**TOWN OF STONINGTON
RETIREMENT BOARD
December 5, 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, Tim O'Brien, Elliott Clarke and Alisha Stripling. Also, in attendance were Devon Francis, Partner and Senior Consultant from Fiducient Advisors; Scott Boulton, Consultant from Fiducient Advisors; Bruce Barth, Esq. from Robinson + Cole; Stephen Chykirda, Consulting Actuary from Hooker and Holcombe - part of USI Consulting Group; James Sullivan, Finance Director for the Town of Stonington and Donna Devlin, HR Coordinator for the Town of Stonington.

The meeting was called to order at 9:01 a.m.

Approval of Minutes from August 15, 2023

A motion was made by Mr. O'Brien, seconded by Mr. Clarke, to approve the August 15, 2023 meeting minutes. No corrections or changes are necessary. All members voted in favor. The Minutes were approved. There was no discussion. Handouts are available in Administrative Services.

Defined Benefit Plan:

Review Capital Markets

Ms. Francis reviewed the capital markets. The markets reacted negatively in the third quarter to the Fed's keeping rates high. Ms. Francis explained how historically markets have reacted well following the end of a rate hike campaign. She stated that the next 3 years should be fairly positive if history is correct. The markets were sharply negative in October, but very, very positive in November moving in the right direction.

Review of Portfolio Performance – DB Plan

Ms. Francis presented a review of the portfolio's performance. The allocation profile is in compliance with the Investment Policy Statement. Two strategies are not in maintain status. Met West is on watch status due to a lot of transition within the investment team and Brandywine is on discuss status due to the pending retirement of the firm's macroeconomic strategist. They are also keeping an eye on Diamond Hill which is currently a weak spot in the portfolio. There are no recommendations for changes at this time. A discussion ensued. Ms. Francis also reviewed the Governance Calendar. Our current return assumption rate is 6.375% which is slightly more conservative than our peers. Funded ratios for CT municipal pension plans declined for FY 2022 following a challenging investment environment. The average funded ratio stood at 72.4% for FY 2022. Our funded ratio has dropped from 89% on July 1, 2021 to 85.4% on July 1, 2022 primarily due to market performance, still well above the average funded ratio.

Review of Actuarial Valuation – DB Plan

Mr. Chykirda's overview of the July 1, 2023 Actuarial Valuation included a presentation on the purpose of the Valuation. He provided the Town Pension Plan results then reviewed the asset returns and smoothing method. Mr. Chykirda stated we're in a good position. Looking ahead to 2024, Mr. Chykirda recommends we review the current 6.375% investment return assumption based on emerging capital market assumptions and long-term inflation expectations; monitor mortality and retirement patterns with respect to vacation and sick time adjustments at retirement

and determine the time to change future amortization of the unfunded plan now that the plan is closed to new entrants.

Defined Contribution Plan:

Review Portfolio Performance – DC Plan

Mr. Boulton discussed the fiduciary governance calendar and portfolio overview. He reviewed the plan design. There are no recommended plan design changes at this time. Mr. Boulton reviewed the U. S. Department of Labor Cybersecurity Guidance, Participant Education and Advice Review and explained Managed Accounts. He reviewed the asset allocation. More individuals in the 401(a) Plan are in Target Date Funds. There is less utilization of Target Date Funds in the 457(b) Plan. In June 2023, T. Rowe Price announced the addition of US Hedged Equity and Dynamic Credit both with the intent of dampening volatility of the portfolios where held. The rest of the funds are on maintain status. There are no recommended changes at this time. A discussion followed.

Review Vesting Schedule for 401a Plan

The Town's current retirement plan for all new hires after 2014 is a 401(a) defined contribution plan. The current vesting schedule for employer contributions is, Cliff: 100% vesting after 5 years for participants. In addition, the Town Clerk and Tax Collector vest upon completion of one complete term of elected office and the First Selectman vests upon completion of two consecutive terms of elected office. Ms. Burmahl explained the difficulty attracting talent in a very competitive hiring market with the current vesting schedule. She proposed a 5-year graded vesting schedule at 20% per year to better help attract talent. A discussion followed. A motion was made by Mr. Clarke to amend the current vesting schedules for all participants, including elected officials, to the 5-year graded vesting schedule at 20% per year. The motion was seconded by Mr. O'Brien and all members were in favor. This change to the 401(a) Plan Adoption Agreement requires Board of Selectmen approval. Ms. Burmahl will provide an overview of the proposed change and answer questions at the December 13, 2023 Board of Selectmen meeting.


Approval of Meeting Dates for 2024

Ms. Burmahl proposed Retirement Board meeting date options for 2024. After a discussion, the following dates were decided upon: Tuesday, February 13, 2024, Tuesday, May 14, 2024, Tuesday, August 20, 2024 and Tuesday, December 3, 2024. Ms. Burmahl will send out a finalized schedule.

Adjourn

A motion was made by Mr. O'Brien, seconded by Mr. Clarke, to adjourn the meeting. All were in favor. Meeting adjourned at 10:27 a.m.

Respectfully submitted,


Patti Burmahl
Chairman

dld