

DRAFT

**TOWN OF STONINGTON
RETIREMENT BOARD
March 4, 2024**

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The Stonington Retirement Board held a special meeting on this date at 9:00 a.m., in the Stonington Town Hall lower level conference room. Patti Burmahl, Retirement Board Chair, hosted this meeting. Board members in attendance were: Patti Burmahl – Chairman, Elliott Clarke, Tim O'Brien and Farouk Rajab. Absent board members were: Alisha Stripling. Also, in attendance were Devon Francis, Partner and Senior Consultant from Fiducient Advisors; Scott Boulton, Principal and Senior Consultant from Fiducient Advisors; James Sullivan, Finance Director for the Town of Stonington and Donna Devlin, HR Coordinator for the Town of Stonington. Bruce Barth Esq. from Robinson + Cole joined the meeting by phone.

The meeting was called to order at 9:05 a.m.

Approval of Minutes from December 5, 2023

A motion was made by Mr. Clarke, seconded by Mr. O'Brien, to approve the December 5, 2023 meeting minutes. No corrections or changes are necessary. The Minutes were unanimously approved. There was no discussion. Handouts are available in Administrative Services.

Welcome to new Retirement Board member

Ms. Burmahl welcomed new Retirement Board member, Farouk Rajab, followed by attendees introducing themselves to him.

Defined Benefit Plan:

Fiduciary Governance Calendar

Ms. Francis discussed the fiduciary governance calendar which included a review of the Plan's ten-year outlook and current portfolio. She also presented the actuarial review. No changes are recommended to the asset allocation at this time.

Capital Markets Review

Ms. Francis reviewed the capital markets, the three market themes and asset class returns. Mr. O'Brien asked how first quarter 2024 compares. Ms. Francis said it had mixed results, but by in large it was positive.

Portfolio/Performance Review

Ms. Francis presented a review of the strong relative portfolio performance that is roughly in line with target allocation. She discussed the investment strategy and manager performance. Ms. Francis reviewed the Strategy Look-Back which she will provide on an annual basis going forward.

Recommendation to replace Metropolitan West Total Return Bond Fund (vote needed)

Metropolitan West Total Return Bond Fund has been on watch status since early 3rd quarter 2023 due to an organization change resulting in turnover. The recommendation is to do a direct swap out with IR&M Core Bond Fund II. A discussion ensued. The Retirement Board wants the IR&M Core Bond Fund II exposure; however due to administrative efficiencies has decided to use the Harbor Core Bond Fund (subadvised by IR&M) through Principal to access the strategy. A motion was made by Mr. O'Brien and seconded by Mr. Clarke to replace Metropolitan West Total Return Bond Fund with Harbor Core Bond Fund. All members were in favor. The motion carried. Committee members agreed that if Harbor were to replace IR&M as the subadvisor of

the Harbor Core Bond Fund, they would want to be informed and would likely eliminate exposure to the Harbor Fund and engage IR&M directly.

Defined Contribution Plans:

Fiduciary Governance Calendar

Mr. Boulton reviewed the two mandatory and five optional key provisions for 2024 from the SECURE 2.0 Act including interest in the optional provisions; the majority of these provisions only apply to ERISA Plans. Atty. Barth said increasing the small balance rollover limit from \$5,000 to \$7,000 is not a bad idea, but we do not need to consider the other provisions. Mr. Boulton presented the regulatory update, litigation trends and plan insights. He reviewed the fiduciary best practices and Town of Stonington Defined Contribution Plans Investment Policy Statement May 18, 2021. We are following all the best practices and there are no recommended changes to the Investment Policy Statement at this time. He discussed the asset allocations between the 401(a) and 457(b) funds. A discussion followed.

Review of Portfolio Performance

Mr. Boulton reviewed the manager performance. Delaware Small Cap Value Inst Fund is on watch status due to an abrupt change in portfolio management; overall performance is not as big of a concern. There are no recommended changes at this point. Will revisit next quarter. Ms. Burmahl mentioned that making changes to the 401(a) and 457(b) plans are more complicated due to the 60-day window and employee communications that are required.

Addition of new group to Defined Contribution Plan (vote needed)

Ms. Burmahl provided an update on a change to the CT Municipal Employees Retirement System (CMERS); in Stonington, all police officers (union and non-union) are in the CMERS Plan. The change will save municipalities money over many years but will have a negative impact on those close to retirement. While the State is putting a stop gap in place to help mitigate the negative impact, it only applies to those 55 or older and many of those impacted will not be at the age. To avoid a significant attrition of the Stonington police force, the Town is recommending adding union and non-union police officers with a minimum number of years participation in the CMERS Plan as a new group to the 401a Plan; this group would have employer contributions only over a 5-year period with details to be determined and ultimately approved by the Board of Selectmen in conjunction with the Board of Finance. Ms. Burmahl asked for a motion to approve adding a new class of a subset of police officers, union and non-union, to the 401(a) Plan with the details to be determined and approved by the Board of Selectmen in conjunction with the Board of Finance. Mr. O'Brien made the motion seconded by Mr. Clarke. All members were in favor. The motion carried.

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

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