



TOWN OF LEDYARD

741 Colonel Ledyard Highway
Ledyard, Connecticut 06339

Retirement Board Meeting Minutes

Chairman
John Rodolico

Regular Meeting

Tuesday, August 15, 2023

10:00 AM

Council Chambers - Hybrid Format

I. CALL TO ORDER

Chairman Rodolico called the meeting to order at 10:04 a.m.

II. ROLL CALL

Present Chairman John Rodolico
Board Member Daniel Panosky
Excused Board Member William Thorne
Board Member Roger Coddling
Board Member Sharon Wadecki

Staff present:
Marisa Iannella Rodriguez
Matt Bonin
Ian Stammel
Christina Hostetler

*No Quorum

III. PRESENTATIONS

1. Chris Rowllins, Fiducient Advisor.
Second Quarter Review.

Chris Rowllins, Fiducient Advisors presented the Second Quarter Investment Review.

Mr. Rowllins started by reminding the Board that registration for the 2023 Investor Conference in Boston on September 27, 2023, is open.

Fiducient Advisors announced that a new CEO has been hired, Sabina Bailey. As part of FA's long-term succession plan, the current CEO Bob DiMeo ascends to Chairman. Mr. Rowllins said there was an internal Committee as well as an outside search to help find the right candidate. Ms. Bailey is based in Chicago.

Governance calendar:

Mr. Rowllins stated that FA doesn't receive commissions from any of the portfolios. FA revenue is 100% billable as a fixed annual fee. FA brings independence and objectivity to the portfolios

and provides the lowest cost structure that is possible.

Quarter two focused on Practice and Policy, which was a good opportunity to review the investment policy. There were some slight changes this year, since an adjustment was made to reduce the allocation target weight for Real Assets from 5.0% to 2.5% and to use the proceeds to increase the portfolio's allocation to fixed income given the return/risk tradeoff. Mr. Rowlin suggested that the Board votes to amend the IPS accordingly at a future meeting (since there is not a quorum today).

Page 13 has FA's suggested amendment to the IPS which are still within the ranges of the proposed target.

ACTION ITEM: Vote to update the IPS to reflect changes to allocation targets.

Mr. Panosky asked how far reaching geographically are the 160 municipal plans that FA oversees. Mr. Rowlin answered that FA has a large footprint in New England. Approximately 40 are based in Connecticut, about a dozen in Massachusetts, Burlington VT, etc. FA is also the founding member of Connecticut Public Pension Forum (CPPF) and a member of Government Finance Officers Association (GFOA). FA is often at CPPF and/or GFOA conferences as a guest speaker or as panelists on a variety of topics.

Governance and oversight:

Five key duties - Duty of Loyalty, Duty of Prudence, Duty to Diversify Investments, Duty to follow Plan Documents and Duty to Avoid Prohibited Transactions. In addition, FA follows the Connecticut Prudent Investor Act.

Committee/Board Best Practices:

- The structure of the Board is important, to bring different backgrounds together.
- Governance such as meeting monthly, formal agenda, minutes and IPS.

Market Themes:

- Mr. Rowlin highlighted market themes for the second quarter, which was another solid quarter.
- The market was very narrow in its stance.
- The market was led by technology and Artificial intelligence.
- Utilities and energy were lagging.

There is optimism in the marketplace:

- The feared recession has yet to materialize although risks are rising.
- The labor market is strong.
- July retail spending was better than expected.
- Inflation rates have come down.

Performance of the Capital Markets:

- Fixed income was somewhat muted for the quarter but up 2.1% for the year to date.
- Global equities was higher with much of the return focus on technology and growth.

- S&P was 8.7%.
- Dow Jones Industrial average was up 4% for the quarter and 4.9% year to date.
- NASDAQ was up 13.1% for the quarter and 32.2% for the year to date.
- Small cap struggled a bit in the first quarter because of the regional banking crisis that unfolded but fared well in the second quarter.
- Russell 2000 was up 5.2% for the quarter.
- International returns were favorable. Strong returns in Latin America and India.

Portfolio Dashboard:

- Solid quarter.
- Net results were up 2.8%.
- The most important number, which is the Fiscal number had an 8.9% return (which is approximately 70 basis points ahead of the benchmark).
- Solid gains across the board.

Asset Allocation:

- Domestic Equity - very good results from Touchstone as the active manager.
- Neuberger Berman was placed on discuss status, given the announcement of Judith Vale, CFA transitioning into a different role after 30 years. Mr. Rowlins said anytime there is an announcement of this nature FA will monitor and discuss the situation, Mr. Rowlins doesn't think there will be any change to the investment strategy. No action required on the Town's part.
- International allocation - very strong results, particularly Invesco.
- S&P Real Assets. A bit disappointing in the overall return, however no action is required at this time.

The future market doesn't anticipate any rate hikes on a go forward basis in 2023. As conditions slow down there are anticipations of rate cuts, although it takes a while as there is a lag effect.

Mr. Rowlins said he has been working with Mr. Bonin to complete the survey from the Connecticut State Comptroller in preparation for Connecticut Municipal Employees Retirement System (CMERS) 2.0 participation. Items such as the IPS, fees and the last five evaluations were requested. Mr. Rowlins said FU is making good progress in completing the survey which is due by September 1, 2023.

IV. REVIEW AND APPROVAL OF MINUTES

1. Motion to APPROVE the Regular Meeting Minutes from June 20, 2023, as written.

The motion was not approved during the Board's August 15, 2023, meeting, due to a lack of quorum. The vote was moved to the next Board meeting on September 19, 2023.

No vote due to lack of quorum.

V. DIRECTOR OF HUMAN RESOURCES UPDATE

No report.

VI. FINANCE DIRECTOR'S REPORT

No report.

VII. OLD BUSINESS

1. Any Other Old Business to come before the Board.

None.

VIII. NEW BUSINESS

1. Motion to APPROVE retirement benefit for Kenneth Creutz in the amount of \$4,886.00 in the form of a modified cash refund annuity effective September 1, 2023.

No vote due to lack of quorum. Chairman Rodolico will send a survey to the Board members to find a date to hold a special meeting in order to approve Mr. Creutz' retirement before September 1, 2023.

2. Any other New Business to come before the Board.

None.

IX. ADJOURNMENT

The Regular meeting was adjourned at 10:50 a.m.

DISCLAIMER: Although we try to be timely and accurate these are not official records of the Town.