



TOWN OF LEDYARD

741 Colonel Ledyard Highway
Ledyard, Connecticut 06339

Retirement Board Meeting Minutes

Chairman
John Rodolico

Regular Meeting

Tuesday, November 19, 2024

10:00 AM

Council Chambers - Hybrid Format

I. CALL TO ORDER

The meeting was called to order by Chairman Rodolico at 10:00 a.m.

II. ROLL CALL

- Present** Board Member William Thorne
Board Member Roger Coddling
Board Member Sharon Wadecki
Chairman John Rodolico
- Excused** Alternate Member Minna DeGaetano

Also in attendance:
Naomi Rodriguez, Town Council Chairperson.
Frederica Daniels, USI Actuaries was present via Zoom.

Staff Present:
Mayor Fred Allyn III
Christine Dias, Human Resource Director
Ian Stammel, Assistant Finance Director
Christina Hostetler, Town Hall Assistant

III. PRESENTATIONS

1. Chris Rowllins, Fiducient Advisors -
 - Full 3Q Investment Review & Fiduciary Governance Calendar Content - Municipal Landscape / CT Pension Plan.
 - Follow up on International Equity Portfolio Manager Structure - Emerging market fund options and large cap value/core consideration.

Mr. Rowllins started by saying that the third quarter results were very solid. Ledyard's plan stands out as very well-funded and uses a more conservative discount rate than other plans in Connecticut.

The average investment return assumption across Connecticut municipal pension plans was 6.43% and the median was 6.50% for FY 2023. Only 8% of plans reduced their investment return assumption since last year's report, with the most common reduction of 0.125.

The average long-term rate of return assumption has declined by 71 basis points, from 7.14% to 6.43%, from FY 2015 to FY 2022. We expect to see a pause in setting lower assumed rates of return on a go-forward basis due to the restoration of higher bond yields.

On average plans have paused and reduced their discount rates.

Mr. Rowlin classified the third quarter Capital market performance as the "goldilocks scenario" where the environment was just right. Interest rates came down meaningfully, the Feds cut interest rates 50 basis points, which was the first interest rate cut in four years. The U.S. Agg which is the barometer for the bond market was up 5.2 % for the quarter.

International developed markets were up 7.3% and emerging markets were up even more at 8.7%.

On October 1, 2024 the Town Portfolio moved out of T. Rowe.

Mr. Rowlin reported that the Town's Portfolio ending market value is at approximately \$31.7 million, about ten years ago when Fiducient Advisors first started working with the Town the value was at \$11 million, a remarkable increase.

Mr. Rowlin presented an international allocation review. Previously the Board decided to replace T. Rowe Price Overseas and allocate the position to the J. Hancock International Dynamic Growth, and the existing Vanguard Total International Stock Index. The Board requested more information on additional core value managers for comparison against Dodge & Cox. Mr. Rowlin provided Causeway International Value for the Board's consideration as well as longer term performance history for Arga Emerging Markets Value and Driehaus Emerging Markets Growth. Mr. Rowlin said that Causeway has solid numbers, although a bit more aggressive than Dodge & Cox with a higher volatility profile. Driehaus Emerging Market would complement Arga to combine value and growth. Mr. Rowlin advised the Board to move forward after Invesco was downgraded to a "watch" status in November. He added that it is a challenging time for Invesco and they aren't adding value or the results expected. Mr. Rowlin stated that the international market will need to be watched closely since the new administration coming will be less friendly in globalization policies and tariffs. The two recommended strategies to best complement John Hancock's growth tilt were Dodge & Cox and Causeway. Mr. Rowlin explained that currently John Hancock is at 6.1 % and ideally it should be at 7.5% with another 7.5% in either Dodge & Cox or Causeway. Investco is currently at 6.1%, the recommendation is to reallocate 3% to Arga and another 3% to Driehaus for the two emerging market managers. Vanguard would be removed from the International Equity sleeve. Mr. Coddling said he would lean more toward Causeway than Dodge & Cox given their stronger performance history.

Motion to APPROVE Fiducient Advisor's recommendation of retaining 7.5% to Causeway International Value, adjusting the John Hancock International Dynamic Growth to 7.5%, and replacing Invesco Developing Market Fund with Arga Emerging Markets Value and Driehaus Emerging Markets Growth each at 3% and elimination of Vanguard Total International Stock

Index Fund.

Mr. Rowlins announced that the annual conference next year will be held in Boston on September 16/17.

Chairman Rodolico spoke about the Board member vacancy. He has reached out to the Republican Town Committee and asked the Board to approach anyone that is interested in filling the vacancy. Mr. Thorne asked if the vacancy could be posted on the Town Forum. It was answered since it isn't political it could be posted. Chairman Rodolico asked if it could be placed in the Events magazine. He added that not just the Retirement Board vacancy, but all Town Boards/Commissions/Committees vacancies could be posted.

Chairman Rodolico thanked Mr. Rowlins for his time.

RESULT: APPROVED AND SO DECLARED

MOVER: Sharon Wadecki

SECONDER: William Thorne

AYE 4 Thorne Coddington Wadecki Rodolico

EXCUSED 1 DeGaetano

IV. REVIEW AND APPROVAL OF MINUTES

- 1. Motion to APPROVE the Regular Meeting Minutes from October 15, 2024, as written.

RESULT: APPROVED AND SO DECLARED

MOVER: John Rodolico

SECONDER: Sharon Wadecki

AYE 4 Thorne Coddington Wadecki Rodolico

EXCUSED 1 DeGaetano

V. DIRECTOR OF HUMAN RESOURCES UPDATE

- 1. Director of Human Resources update.

Ms. Dias said that she has been in contact with the Leadership for the Police Union and the Teamsters to schedule the meeting and they are targeting an early December date.

RESULT: DISCUSSED

VI. FINANCE DIRECTOR'S REPORT

- 1. Finance Director's Report.

None.

VII. OLD BUSINESS

- 1. Discuss Amendment 2015-1 to the Retirement Plan for Full-Time Employees of the Town of

Ledyard continued.

Mr. Thorne told Ms. Daniels that the Town Defined Benefit Plan hasn't been updated since 2012 and asked her if USI could assist the Board with the update. Ms. Daniels answered yes that USI has legal planned document service professionals that restate government and municipal plans often. Ms. Daniels said she would speak with the legal group and have information for the Board during the December meeting. She added that generally plans are restated every 5-10 years. Ms. Daniels said that USI will need the Town's latest Union contracts. Mr. Thorne said he would like to reference the Union plans instead of putting specific information in the Town Plan that needs to be updated each time there is a Union change. Ms. Daniels stated that generally that is how she sees documents written (referencing the Union Plans).

Mr. Thorne recommended to the Board that they use USI instead of Attorney Bruce Barth for the Defined Benefit Plan review; he thought USI would be less expensive and more experienced with this kind of review.

Mr. Thorne recommended changing the table of contents and restating the amendment to the Retirement Plan for Full-Time Employees of the Town of Ledyard as follows:

"If a member continues employment with the Town after reaching his or her Normal Retirement Date, and elects to retire under that plan, any benefits payable to such Member or retire or former Eligible Employee under that Plan shall be paid as prescribed by the plan as if he/she had continued employment with the town."

Mr. Thorne asked the Board if they would want to allow employees who are retired and re-hired to receive a match to their defined contribution plan. Mr. Stammel said he prefers both retired and non-retired employees to be treated equally and for both groups to receive the match. Mr. Thorne will have the wording ready for the Board to vote on during the December meeting, afterwards it will be recommended to the Town Council.

RESULT: DISCUSSED

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

None.

VIII. NEW BUSINESS

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

None.

IX. ADJOURNMENT

Motion to ADJOURN the Regular Meeting at 11:04 a.m.

RESULT: APPROVED AND SO DECLARED

MOVER: Sharon Wadecki

SECONDER: William Thorne

AYE 4 Thorne Coddington Wadecki Rodolico

EXCUSED 1 DeGaetano

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