

EAST LYME PENSION BOARD  
MEETING FEBRUARY 16, 2023  
MINUTES

RECEIVED FOR RECORD  
EAST LYME, CT

PRESENT: J. Wohler, K. Seery, K. Gervais, S. Spencer, D. Hall, B. Curry, P. Levanti, at 3:00 pm

2023 MAR 17 2:31  
*Carroll Hill*  
TOWN CLERK

ABSENT: n/a

ALSO PRESENT: D. Berry, M. Stevens, C. Rowllins, M. Fratini, D. Woodmansee

Chairman Wohler called the meeting to order at 3:00 pm.

Chairman Comment: Remarked on the passing of Board member Beth Hogan who was a charter (founding) member of the Pension Board. Expecting another board member to be appointed by the Board of Selectman for the May 2023 meeting.

MOTION: D. Hall, second: B. Curry to approve the regular meeting minutes of November 17, 2022. Bob Curry noted a change. The minutes should state "Are you Alive?" letters are sent "annually" from the State of CT. J. Wohler abstained. PASSED 3 - 0

MOTION: D. Hall, second: B. Curry to approve the regular meeting minutes of December 19, 2022. P. Levanti abstained. PASSED 3 - 0

David Woodmansee of USI Consulting Group began presentation of Pension Board special project to discuss potential change to liability interest rate from its current 6.5% to 6.25% or 6.0%. This discussion also covered the actuarial impact of the recent significant investment loss experienced by the plan in late 2021 and 2022 on future pension plan contributions by the town. Discussion with C. Rowllins and M. Fratini from Fiducient Advisors on average rates across municipalities throughout Connecticut. Fratini stated the median rate for a municipality in CT according to the latest Hooker and Holcombe study, was 6.75%. The average municipality across CT had a rate of 6.53%. Given the current fixed income environment, 6.5% appeared reasonable to them. Kevin Gervais noted that the Town's rating agency recommended a rate of 6.00%.

Part of the presentation, Woodmansee mentioned increasing the loss and gain periods from 5 years to 10 years to smooth out volatile periods in the market. Expanding the timeframe of amortizing gains and losses to 10 years from 5 drastically reduced the employer's contribution required annually. The Board will be discussing a potential funding policy change at its May 2023 meeting.

Chris Rowllins of Fiducient Advisors began the discussion of the fourth quarter report. He started with the quarterly Fiduciary Governance Calendar focusing on the fourth quarter items.

Matt Fratini of Fiducient Advisors then discussed the Portfolio Results for the quarter ending December 31, 2022, and also presented a month end

report for December. PGIM Global Total Return R6 has been placed on "Terminate" status as the CIO, Gregory Peters was added to the strategy amidst severe underperformance of the fund. The rapid rise in interest rate levels means that the investment portfolio could take a more conservative investment approach. Fiducient recommends BrandywineGLOBAL Global Opp Bond IS, as a direct 1 to 1 replacement in the pension plan allocation.

MOTION: D. Hall, second: J. Wohler to approve liquidating all assets out of PGIM Global Total Return R6 and invest in BrandywineGLOBAL Global Opp Bond IS PASSED 4 - 0

Fiducient suggested two potential changes to the asset allocation that they feel is appropriate, increasing allocations to fixed incomes for both Mix 1 and Mix 2. Fiducient explained the suggestions to increasing fixed income slightly decreased expected returns, but limit potential downside in the event of a downturn in the markets. This item will be further discussed at the Board's May 2023 meeting and would include a discussion of changing the current plan investment policy asset allocation model.

Denise Hall asked Fiducient to address ESG investing as it pertains to our Black Rock holdings. She stated that she believes that it is a conflict for managers to put their political beliefs ahead of their duty to achieve the highest returns for the pension.

Sandy Spencer advised the Board that HR expects up to three current employees to put in for normal retirement. However there may be additional employees that put in for early retirement.

Bob Curry left the meeting at 5:00pm

Discussion on format and items to include on annual report to the Board of Selectman required in the Pension Board ordinance. Finance Director will obtain quotes of legal fees to update the pension plan (which was last updated in 1997). Finance Director and J. Wohler will discuss and finalize report to the Board of Selectman before the March 15<sup>th</sup> Board of Selectman meeting.

Discussion of outside plan administration services for retirees. We received a quote from USI for \$12,500 and an implementation fee of \$3,500. We have requested two quotes from Hooker and Holcombe and Milliman. The three quotes will be brought before the board in May.

MOTION: D. Hall, second: P. Levanti to approve Fiducient Invoice \$18,825. PASSED 3 - 0

MOTION: D. Hall, second: B. Curry to approve USI invoice in the amount of \$10,196.65. PASSED 3 - 0

MOTION to adjourn: D. Hall, second: J. Wohler at 5:28 pm

Respectfully submitted,  
For the Committee:  
Kevin C. Gervais Jr., Director of Finance