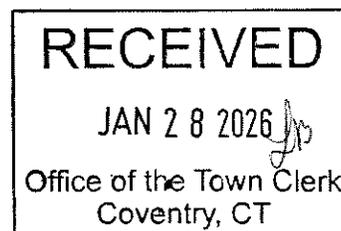


Town of Coventry
Pension & Retirement Committee
Special Meeting Minutes
January 5, 2026



1. **Call to Order:** Meeting was called to order at 4:00 pm. Present were John Elsessor, Justin Murphy and Sam Belsito. Also present was James Drumm, Town Manager and Cherie Trahan, Finance Director.
2. **Appointment of Committee Chair:** The Committee is currently made up of Sam Belsito, Justin Murphy and John Elsessor. Ben Emanuele resigned from the Committee. Murphy nominated Belsito to be the Chair of the Pension & Retirement Committee. Motion seconded by Elsessor and passed unanimously.
3. **Approval of Minutes:** Motion to approve the minutes from February 9, 2023 was made by Elsessor and seconded by Belsito. Elsessor noted that quite a bit of time has passed since that meeting, but he did not see anything objectional. Motion passed.
4. **2026 Meeting Schedule:** The Committee discussed the meeting schedule used in the past and will follow the same schedule in 2026, but meetings will be held at 4:00pm. The Committee discussed the possible need for Special Meetings. Elsessor moved that the Committee set their Regular meetings dates for 2026 to April 22, 2026, July 22, 2026, and October 28, 2026. Seconded by Murphy. Motion passed unanimously.
5. **Review of Pension Investment Portfolio:** Belsito explained that there are two distinct pieces to the Fund – the Fixed Equity account and the Investment piece, which is currently managed by Freedom Investment Management. Belsito distributed a copy of an SEC action against Freedom Investment Management that we previously worked on a draft RFP and is interested in finalizing it.

Belsito also discussed rebalancing the portfolio to align with the Pension Investment Policy due to equity growth relative to fixed income.

Belsito also provided a review of the Actuarial Valuation as of July 1, 2024 (see attached). Trahan confirmed that USI Consulting Group is working on our Actuarial Valuation as of July 1, 2025. The Committee would like them to come to the next meeting to review the valuation.

Trahan explained that Brighthouse Financial managed the operating portion of pension fund, processing lump sum and monthly pension payments.

6. **Review of pension distributions:** No items of discussion
7. **Other Business:**
 - a. Meeting date with pension actuaries: Schedule for the April meeting a presentation and review of the July 1, 2025 Valuation.
 - b. Further discussion regarding the possibility of going out to bid. Sam noted that he was happy to assist with the preparation of an RFP.
8. **Adjournment:** Motion moved to adjourn made by Murphy seconded by Elsessor. Motion passed. Meeting adjourned at 5:00pm.

RECEIVED

Respectfully Submitted,



Cherie Trahan

Finance Director

Note: These minutes are draft/not official until approved by the Committee at the next Committee meeting. Please see subsequent meeting for approval or changes to these minutes.

DRAFT

**Town of Coventry, Connecticut
Pension Committee Meeting Agenda**

Date: January 5, 2026

Time: 4:00 PM

Location: Town Hall – Room B

1. Call to Order

- Roll call
- Confirmation of quorum

2. Committee Membership and Attendance

- Confirm current Pension Committee members
 - Clarify required attendance and quorum requirements
 - Identify vacancies or appointments requiring Town action
- Action Item: Confirm official committee roster and attendance requirements

3. Meeting Schedule

- Discussion of proposed quarterly meeting schedule (four meetings per year)
 - Establish a regular, recurring meeting cadence
- Action Item: Approve quarterly meeting schedule

4. Actuarial Oversight

- Review current actuarial role and reporting cycle
 - Discuss and summarize actuarial assumptions, review frequency, and oversight responsibilities
- Action Item: Confirm actuarial oversight framework

5. Investment Management – Overview

- Discuss portfolio rebalancing to align with the Pension Investment Policy due to equity growth relative to fixed income
 - Review current investment management arrangement
 - Discuss sample Request for Proposal (RFP) components and scope
 - Outline proposed timeline and responsibilities for the RFP process
- Action Item: Approve next steps for investment management RFP development

6. Town Finance Update

- Update from Town Finance on the use of third-party providers for pension payments
- Review operational considerations and internal controls

7. Summary of Action Items

8. Adjournment

Subject: Town of Coventry Pension Plan – Actuarial Valuation as of July 1, 2024

Overview

This memorandum provides a high-level summary of the July 1, 2024 actuarial valuation of the Town of Coventry Pension Plan and outlines key considerations for the Board as part of the Town's ongoing fiscal oversight.

Current Plan Status

The Coventry Pension Plan remains **financially stable** and continues to show **measurable improvement** year over year.

- **Funded Ratio: 76.6%**, up from **73.9%** in the prior valuation
- **Unfunded Accrued Liability: \$5.90 million**, reduced from **\$6.15 million**
- **Market Value of Assets: \$19.28 million**
- **Actuarial Accrued Liability: \$25.17 million**

The improvement reflects reasonable investment experience and continued adherence to actuarially recommended contribution levels.

Employer Contribution Requirement

- **Actuarially Determined Employer Contribution (ADEC):**
\$1,198,004 for the fiscal year ending June 30, 2026
- This equates to approximately **15.0% of covered payroll**.

The increase from the prior year is attributable primarily to payroll growth and scheduled amortization of the unfunded liability, rather than adverse plan experience.

Employee contributions continue to offset a meaningful share of plan costs, reducing the burden on taxpayers.

Investment Performance

- **FY 2024 Investment Return:**
 - **10.3%** on a market value basis
 - **9.4%** on an actuarial value basis

The plan's assumed long-term rate of return of **6.90%** remains reasonable given the current asset allocation and long-term expectations. Asset smoothing continues to limit short-term volatility in required contributions.

Risk and Maturity Considerations

- Approximately **40% of plan liabilities** are attributable to retirees and beneficiaries currently receiving benefits, indicating a **moderately mature plan**.
 - The estimated duration of benefit payments is **14.1 years**.
 - A modeled **5% decline in asset values** would increase required annual contributions by approximately **\$26,000**, which is considered manageable.
 - Under the current funding policy, the unfunded liability is projected to be fully amortized over approximately **15 years**, assuming continued compliance.
-

Recommended Actions

1. **Continue Full Funding of the ADEC**
Maintaining full actuarial funding remains essential to sustaining progress and limiting long-term costs.
 2. **Avoid Contribution Reductions During Strong Market Periods**
Short-term relief can materially increase future contribution volatility and total cost.
 3. **Request Annual Sensitivity Reviews**
Periodic stress testing will help inform long-range budgeting and risk management.
 4. **Monitor Assumptions on a Regular Basis**
Continued review of investment and actuarial assumptions will support long-term plan sustainability.
-

Conclusion

The Town of Coventry Pension Plan is **on a positive trajectory**, with improving funded status, average to below average recent investment performance, and a funding policy aligned with long-term fiscal responsibility. Continued discipline and oversight remain the most prudent course of action.

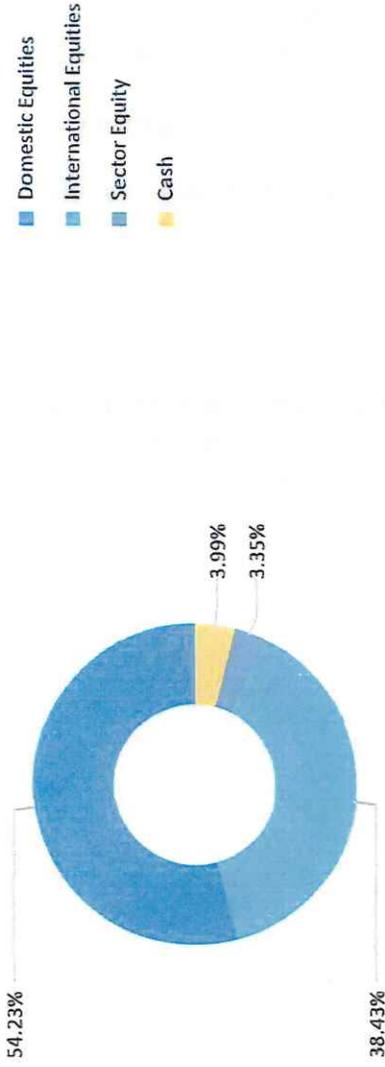
Household Holdings

December 31, 2025 | Town of Coventry Pension Plan



Town of Coventry Pension Plan | Pension Trust | 45917438

Sub Asset Allocation



Ticker Symbol	Security Description	Sub Asset Class	Market Value	Weight
\$CASH	CASH USD	Cash	\$620,976.54	3.99%
DFEMX	DFA Emerging Markets Portfolio I	International Equities	\$708,214.54	4.55%
DEMSX	DFA Emerging Markets Small Cap Portfolio	International Equities	\$316,643.29	2.03%
DFEVX	DFA Emerging Markets Value Portfolio	International Equities	\$372,469.21	2.39%
DFITX	DFA International Real Estate Securities Portfolio	Sector Equity	\$237,816.70	1.53%
DISVX	DFA International Small Cap Value Portfolio	International Equities	\$890,235.41	5.72%
DFISX	DFA International Small Company Portfolio	International Equities	\$692,786.90	4.45%
DFIVX	DFA International Value Portfolio	International Equities	\$1,628,511.39	10.47%
DFREX	DFA Real Estate Securities Portfolio	Sector Equity	\$283,457.17	1.82%
DFLVX	DFA U.S. Large Cap Value Portfolio	Domestic Equities	\$2,639,104.76	16.96%

Household Holdings

December 31, 2025 | Town of Coventry Pension Plan



Town of Coventry Pension Plan | Pension Trust | 45917438

Ticker Symbol	Security Description	Sub Asset Class	Market Value	Weight
DFSCX	DFA U.S. Micro Cap Portfolio	Domestic Equities	\$763,760.95	4.91%
DFSVX	DFA U.S. Small Cap Value Portfolio	Domestic Equities	\$739,639.15	4.75%
DIHP	Dimensional ETF Trust Dimensional International High Profitability ETF	International Equities	\$1,371,031.17	8.81%
DUHP	Dimensional ETF Trust Dimensional US High Profitability ETF	Domestic Equities	\$2,830,610.93	18.19%
JHMM	John Hancock Investment Management LLC John Hancock Multifactor Mid Cap ETF	Domestic Equities	\$1,466,097.20	9.42%
Total			\$15,561,355.30	100.00%

Account Total	Market Value	Weight Account/Target
	\$15,561,355.30	100.00%

Household Total	Market Value	Weight
	\$15,561,355.30	100.00%

Household Holdings

December 31, 2025 | Town of Coventry Pension Plan



Disclosures

The performance information herein has been prepared by or on behalf of Freedom Investment Management, Inc., and has not been independently audited or verified. Performance information on household and account levels is shown net of all fees and expenses, including Freedom Investment Management, Inc.'s management fee, and performance information on individual position and portfolio levels is shown gross of fees. All performance numbers are annualized unless the period under consideration is less than a year. As with any investment vehicle, past performance cannot assure any level of future results. Any tax information contained herein (such as realized or unrealized gain/loss information) should be reviewed by an accountant.

Market index information shown herein, such as that of the S&P 500 Index, may be included to show relative market performance for the periods indicated and not as standards of comparison, since these are unmanaged, broadly based indexes which differ in numerous respects from the portfolio composition of client's investment. Market index information is compiled from sources that Freedom Investment Management, Inc., believes to be reliable.

No representation or guarantee is made hereby with respect to the accuracy or completeness of such data.

Fixed annuity values displayed on Freedom Investment Management, Inc.'s statement reflect the amount that would have been paid as a death benefit on the statement date. This is a two-year point-to-point indexed account and the actual gain will not be locked in until the end of the two-year period.

The information contained herein regarding Freedom Investment Management, Inc. is confidential and proprietary and intended only for use by the recipient. The information contained herein is not complete, and does not contain certain material information about client's investments, including important disclosures and risk factors associated with an investment in financial markets, and is subject to change without notice.

This information should not be construed as an offer to buy, sell, or recommend a security, market sector, or investment strategy.

As a registered investment advisor, we urge you to compare these account statements with the account statements sent by your qualified custodian. Your custodial account statements serve as the official record of your securities holdings.

The information is intended solely for the use by the individual(s) named in this document.

Advisors can show manually input securities in client accounts that are not available in data feeds. It is each client's advisor's sole responsibility to communicate an accurate quantity and valuation for those securities to GeoWealth. We encourage clients to discuss the presence of any manually input securities with your advisor.



AP SUMMARY

SEC Charges Connecticut-Based Investment Adviser 3D/L Capital Management, LLC, with Failing to Fully and Fairly Disclose Conflicts of Interest, Orders It to Pay Harmed Clients

• [Order-3D/L Capital Management, LLC](#)

ADMINISTRATIVE PROCEEDING
File No. 3-21892

March 6, 2024 – The Securities and Exchange Commission today announced settled charges against Hartford, Connecticut-based registered investment adviser 3D/L Capital Management, LLC for failing to fully and fairly disclose material facts and conflicts relating to its agreements with an investment manager for certain exchange traded funds (the “ETF Manager”). The SEC also charged 3D/L with failing to implement disclosure-related policies and procedures.

The SEC’s order [//files/litigation/admin/2024/a-6598.pdf](#) finds that 3D/L offers to its clients the opportunity to invest in proprietary model portfolios comprised of investments in ETFs and other securities. As set forth in the order, in October 2020, the ETF Manager agreed to pay 3D/L an “onboarding fee” in exchange for 3D/L making the ETF Manager’s funds available for potential use in the model portfolios. The SEC’s order also finds that, in November 2020, 3D/L became the sub-adviser to a fund managed by the ETF Manager. As set forth in the order, under the sub-advisory agreement, the ETF Manager agreed to pay 3D/L a sub-advisory fee that was based on net revenues earned from the fund. The SEC’s order finds that both of these agreements created conflicts of interest, because they created an incentive for 3D/L to use funds managed by the ETF Manager in 3D/L’s model portfolios. The order also finds that soon after entering these agreements, 3D/L’s investment committee began including funds managed by the ETF Manager in some of the 3D/L model portfolios. According to the order, as a result of these model allocation changes, 3D/L client accounts invested in those model portfolios purchased funds managed by the ETF Manager, and 3D/L earned investment advisory fees on those assets. As set forth in the order, 3D/L did not fully and fairly disclose the “onboarding fee” and the related conflicts of interest until March 2023 and did not fully and fairly disclose terms of the sub-advisory agreement and the related conflicts of interest until August 2022. The SEC’s order also finds that 3D/L failed to implement written compliance policies and procedures related to the disclosure of conflicts of interest.

The SEC’s order finds that 3D/L violated Sections 206(2) and 206(4) of the Investment Advisers Act of 1940 and Rule 206(4)-7 thereunder. Without admitting or denying the findings, 3D/L consented to a cease-and-desist order and a censure, and agreed to pay disgorgement of \$153,069, prejudgment interest of \$7,538, and a civil money penalty of \$125,000. 3D/L has also agreed to distribute funds to harmed investors.

The SEC’s case was handled by Kerry Dakin, Chip Harper, and Celia Moore of the SEC’s Boston Regional Office.

Last Reviewed or Updated: March 6, 2024

Pension Committee
2026 Regular Meeting Dates

To: Lori Tollmann, Town Clerk

Notice is hereby given that regular meetings of the Coventry Pension Committee will be held on the fourth Wednesday of the month following quarter end in the Town Hall, Conference Room B, at 4:00 p.m. on the following dates, as adopted by Committee on January 5, 2026:

Wednesday April 22, 2026

Wednesday July 22, 2026

Wednesday October 28, 2026

Respectfully submitted,

Cherie Trahan
Finance Director

Dated: January 6, 2026