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TOWN OF STONINGTON
RETIREMENT BOARD
MAY 4, 2010

The Stonington Retirement Board held a regular meeting on this date at 9:00 a.m., at the Stonington Public Schools Administration Building. Board members present were: George Sylvestre, Judy Samokar, June Strunk & John O'Brien, Absent was Robert Cary, Jr. Also present were Cheryl Morgan, Bank of America; Richard Dahlberg & Brian Waldner, Ameriprise; Han Yik, Bank of America Institutional Advisory Solutions – Investments; Evan Woollacott, Jr., Hooker & Holcombe, Inc.; and Maryanna Stevens, Town of Stonington Finance Director.

Mr. Sylvestre called the meeting to order at 9:00 a.m. He requested that the Minutes of the last meeting be approved as the first order of business. Mr. O'Brien made a motion to approve the Minutes of the December 8, 2009 meeting. Ms. Samokar seconded and it was so voted. Ms. Strunk is newly appointed to the Board and did not vote.

Ms. Morgan stated that the transition from Columbia Management to Ameriprise took place over the weekend. The fees will remain the same for 5 years. She is employed by Bank of America and will remain as the Town's Relationship Manager. Messrs. Waldner, Dahlberg and Davis are employed by Ameriprise and will still oversee the Town's pension portfolio. Mr. Yik is employed by Bank of America and is the Investment Strategist. Ms. Morgan coordinates with all of the departments that handle the account.

Review of Fund Performance:
Mr. Waldner reviewed the Investment Strategy Overview, Equity Market Performance, Fixed Income Market Performance, and Equity Sector Performance for period ending March 30, 2010. Summaries of his review are located in the Town of Stonington Pension Report, produced by Bank of America, for this period. The report is on file in the Dept. of Administrative Services. Mr. Dalberg also gave an economic overview. Equities had the second strongest rally of the century. The Fund's Equities outperformed the S&P 500 Index Benchmark 3 Years, 5 Years, and 10 Years and underperformed the Benchmark 1st Quarter 2010, FY to Date, 1 year, and since inception. It was noted that the use of the S&P 500 Index Benchmark is not in the Investment Guidelines, however, it is the standard used for Equities.

Mr. Waldner gave an overview of Fixed Income performance, which outperformed the Barclays Aggregate bond Index Benchmark 1st Quarter 2010, FY to Date, 1 year, 3 years, 10 years, and equaled the benchmark at 5 years.

The total Fund performance as of March 31, 2010 is as follows: The total Fund is up as of 1st Quarter 2010, Fiscal year to date, and 1 year; 3 years; 5 years, and 10 years. The total Fund performance and breakdown is attached.

The investment mix is in accordance with the Investment Guidelines, however, it was noted by Mr. Woolacott and agreed by Ms. Strunk that the Asset ranges are too loose and should be tightened up.

Mr. Sylvestre stated that a recommendation was sent to the Board of Finance, from the Retirement Board, to maintain a minimum of 80% funding level and to achieve that goal over three years. The Board of Finance has added approximately $300,179 from the Town's Surplus, in addition to the Town's contribution for FY2010-2011. Next year's funding level will be determined after the June 30, 2010 valuation.

Mr. Yik recommended that the goal of 80% funding level be achieved before adopting the Asset/Liability Investment Strategy, which he presented at the December 8, 2009 Retirement Board meeting. The strategy would be phased-in maintaining equity exposure and then move away from equities to fixed income. Mr. Yik distributed a proposed Investment Strategy for the Board's review to make sure that the Board is comfortable with the rebalancing of the Fund's assets. The proposal ties into the economic outlook, diversifies and rebalances the portfolio, while staying within the ranges. Mr. Yik noted that Commodities are not included in the Investment Guidelines and suggested that the Guidelines be amended to include them. Concern was raised that the proposal shows a drop in Cash Value from 4.16% of Current Asset Values to .25% after rebalancing the portfolio and that some assets might have to be liquidated to pay benefits. The market conditions might not be favorable for liquidation at that time. Mr. Yik indicated that Mutual Funds are liquid and could be sold if necessary. The portfolio would then be rebalanced.

The Board agreed that the investment strategy should not be changed at this time, due to uncertainty of economic conditions. Mr. Yik will send a draft Policy Statement for the Board to review. Mr. Sylvestre stated that the Board can meet prior to the next meeting to review Mr. Yik's proposal.

Ms. Strunk requested fee disclosure for each fund in Mr. Yik's projection.

New Business- Assumption Discussion:
Mr. Woollacott stated that the fund had a great return for the year; however, with the smoothing method in place, there will not be much reduction in the Town's contribution rate next fiscal year. He distributed a spreadsheet that validated the 7.50% rate of return assumption based on the Long-Term Asset Return Expectation of the Pension Fund. A discussion ensued about the current rate of return and the 4.50% salary increase assumptions currently used in the valuation. Mr. Sylvestre noted that a change in assumptions now wouldn't impact the FY2010-2011 budget. Next Spring will be a critical time to consider making changes to the assumptions after the next valuation June 30, 2010.

Other New Business: Russel Burgess's letter of resignation was read as a matter of record.

Old Business: None conducted.

Adjourn:
There being no further business to come before the Retirement Board, the meeting was adjourned at 10:50 a.m.

Respectfully submitted,

George R. Sylvestre
Secretary

sak

Town of Stonington Pension
Total Performance as of March 31, 2010

Fiscal Year End: June

	Q110 (%)	FISCAL YEAR-TO-DATE (%)	1 YEAR (%)	3 YEARS (%)	5 YEARS (%)	10 YEARS (%)	SINCE INCEPTION[1] (%)
Total Fund	4.17	19.45	31.22	1.61	4.26	4.06	9.34
Total Fund Net of Fees	4.03	19.03	30.70	1.09	3.74	3.54	-
Equities	5.15	28.73	48.55	-2.82	2.98	1.43	10.64
Standard & Poor's 500 Index	5.39	29.17	49.72	-4.16	1.92	-0.65	11.38
Fixed Income	2.70	8.21	12.02	6.19	5.44	6.40	8.34
Barclays Aggregate Bond Index	1.78	5.80	7.69	6.14	5.44	6.29	-
Conservative High Yield Fund	3.30	21.68	31.27	-	-	-	-
Barclays Capital High Yield Index	4.62	26.91	56.18	-	-	-	-
Cash Equivalents	0.03	0.10	0.20	2.36	3.17	2.97	-
Citigroup (Salomon) 90 Day T-Bill Index	0.02	0.08	0.13	1.80	2.76	2.70	-

Past performance is no guarantee of future results.
Source: GIM
1 Since Inception: 11/30/1979
Returns shown are gross of fees

Bank of America