TOWN OF STONINGTON
RETIREMENT BOARD
December 9, 2014

The Stonington Retirement Board held a special meeting on this date at 9:00 a.m., at the Stonington Police Station. Board members present were: Vincent A. Pacileo III, Chairman; Bill King, and Frank Todisco. Also in attendance were Christopher Rowlins and Devon Francis, representing Fiduciary Investment Advisors (FIA); and Evan Woollacott, Jr. from Hooker & Holcombe, Inc.

The meeting was called to order at 9:10 a.m.

Review of Actuarial Valuation 07/01/2014:
Mr. Woollacott distributed the Draft Actuarial Valuation 07/01/2014 and the Governmental Accounting Standards Board (GASB) 27 and 67 Disclosure Reporting as of June 30, 2014, which satisfies the requirements of both BASB 27 and GASB 67. Both reports are on file in the Dept. of Administrative Services.

Mr. Woollacott made the following assumption changes in the Valuation. The Investment Return was lowered from 7.50% to 6.75%; and the Retirement Age assumption was changed to an average expected age of 62.6 from the previously used assumption of the earlier of age 62, or 35 years of credited service or valuation date plus 1 year. The assets had good return over the last fiscal year so he was able to change the assumptions without negatively affecting the funding of the Plan. Mr. Woollacott stated that he looked at the actual retirement age of participants in the Plan to determine the new retirement age assumption. The new mortality table was released in October 2014 after the Valuation date and will be used for next years' Valuation, since people are living longer. The Town's contribution for FY2015-2016 with the COLA is estimated to be 11.2% of expected Payroll. The impact of the COLA that was approved at Town Meeting November 18, 2014 will need to be added to the Valuation once the total liability has been calculated; therefore, the current document will remain as a draft until that process has been completed.

Review of Fund Performance:
F.I.A. distributed the Quarterly Investment Review-Third Quarter 2014 and Updated Balances – December 8, 2014. The Updated Balances reflect changes to the asset allocations due to the termination and replacement of PIMCO funds as approved by the Retirement Board at the October 27, 2014 meeting, which was after the end of the 3rd Quarter.

Ms. Francis introduced the Board to a new reporting feature entitled "Defined Benefit Fiduciary Governance Calendar" and the topics that will be included in the quarterly reports on a regular basis for discussion, to help the Board meet fiduciary obligations throughout the year. Each quarter will have a specific focus, based on the established calendar, in addition to the investment review.

Mr. Rowlins gave an overview of the economic and market conditions during the 3rd Quarter that affected the portfolio performance. He also covered U.S. Equities, Domestic Equities, International Equities, Fixed Income and Alternatives. The report is on file in the Department of Administrative Services.

Ms. Francis reviewed the portfolio's asset allocations. Fixed Income is slightly under weighted and Equities are slightly over weighted, however, F.I.A. is comfortable with the allocations and has no recommendations for change. She also reviewed the fund performance. The performance summary for 3rd Quarter 2014 is as follows.

The portfolio outperformed the Blended Benchmark for the Quarter, July 2014 to September 2014, and 7 Years. It underperformed the Blended Benchmark for Year to Date, 1 Year, 10 Years and Since Inception. The portfolio matched the Blended Benchmark at 3 Years and 5 Years.

In reference to Mr. Woollacott's lower investment rate assumption, Mr. Rowlins indicated that F.I.A. will do asset allocation testing to validate the current asset allocation strategy. Mr. Rowlins and Ms. Francis were in agreement that 7.50% Investment Rate assumption has been challenging for municipalities to meet in their portfolio's fund performance.

Approval of Minutes of October 27, 2014 Minutes:

Mr. Todisco made a motion to approve the Minutes of the October 27, 2014 meeting. Mr. King seconded and it was unanimously voted.

There being no further business to come before the Board, Mr. Todisco made a motion to adjourn. Mr. King seconded and it was unanimously voted. The meeting adjourned at 10:17 a.m.

Respectfully submitted,

Vincent A. Pacileo, III
Chairman

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