

**TOWN OF STONINGTON  
RETIREMENT BOARD  
December 14, 2016**

The Stonington Retirement Board held a special meeting on this date at 9:00 a.m., at the Stonington Police Department. Board members present were: Vincent A. Pacileo III, Chairman; Bill King, Tim O'Brien and Terry Stefanski. Also in attendance were James Sullivan, Finance Director; Attorney Bruce Barth and Alisha Sullivan from Robinson and Cole; Devon Francis and Laura Gineo from Fiduciary Investment Advisors (FIA); and Evan Woollacott, Jr, from Hooker and Holcombe, Inc.

The meeting was called to order at 9:00 a.m.

**Review of Actuarial Valuation DB Plan 07/01/2016:**

Mr. Woollacott reviewed the Actuarial Valuation 07/01/2016. The valuation reflects changes in the actuarial assumptions as follows:

- New Mortality Improvement
- Lower Payroll Growth from 3.52% to 2.75% per year
- Salary Increase Adjustment – .25% lower

The Annual Required Contribution (ARC) increased due to the assumption changes. The Funded Ratio dropped from 91.0% as of the July 1, 2015 Valuation to 88.5% as of the July 1, 2016 Valuation. This was due to the decrease in Plan assets. The 88.5% funding level is much better than the average for municipal plans. The 6.75% rate of return is lower than the average of 7.5%.

**Review of Fund Performance DB Plan:**

Ms. Francis reviewed the following reports:

- Quarterly Investment Review for Third Quarter 2016, which included the Governance Calendar
- Performance as of September 30, 2016
- Monthly Investment Review – November 30, 2016

These reports are on file in the Department of Administrative Services.

The 3<sup>rd</sup> Qtr. Quarterly Investment Review as of 09/30/2016 included:

- Asset Allocation
- Total Plan Performance
- Benchmark Composition – Blended Benchmark
- Manager Performance Overview
- Manager Scorecard
- Financial Reconciliation
- Market Value & Flow Summary
- Risk vs. Return Analysis
- Modern Portfolio Theory (MPT) Total Plan Historical Statistics since Inception
- Estimated Fee Analysis
- Manager Evaluation

Since the Presidential election U.S. Equities and Domestic Markets were up and Fixed Income and Emerging Markets were down.

The Portfolio underperformed the Blended Benchmark for the 3<sup>rd</sup> Qtr., Year To Date, July 2016 to September 2016, 1 Year, 10 Years and Since Inception. It outperformed the Blended Benchmark 3 Years, 5 Years and 7 Years.

Ms. Francis stated that there are no managers on watch and there are no recommendations to change managers. There are no portfolio changes recommended for results through November 30, 2016.

**Review of Town 457 & 401(a) Diagnostic (D1) Plan Review:**

The Town of Stonington Retirement Plan (DB Plan) was closed to new employees in September 2013 and was replaced by the 401(a) Plan. The 457 Plan is voluntary. VOYA is the 401(a) Plan vendor and Nationwide is the 457 vendor. These plans have had no independent oversight. The Retirement Board voted to hire Fiduciary Investment Advisors (FIA) to provide oversight of the 2 plans. FIA provided the Board with the 1<sup>st</sup> stage of the Diagnostic review and will come back with recommendations for both of the plans. The Review included Investment Menu Review, Investment Performance Review, Fee Analysis and Target Date Fund Analysis of the plans. FIA indicated that both plans have too many fund offerings, which can be confusing for employees. The average is 18 funds.

A brief discussion ensued regarding the Fee Disclosure section for VOYA and Nationwide.


FIA will provide the Retirement board with the D2 or 2<sup>nd</sup> stage of the Diagnostic Review in approximately 10 weeks at the end of February. The Review will include a recommended fund menu. FIA will work with VOYA and Nationwide to lower fees and reduce the number of fund offerings.

**Approval of July 14, 2016 and September 21, 2016 Minutes:**

Mr. Stefanski voted to approve the minutes of the July 14, 2016 meeting. Mr. O'Brien seconded the motion and was so voted.

Mr. O'Brien voted to approve the minutes of the September 21, 2016 meeting. Mr. Pacileo seconded and was so voted by Mr. O'Brien and Mr. Pacileo. Messrs. Stefanski and King abstained because they were not at that meeting.

There being no further business to come before the Board, the meeting adjourned at 10:55 a.m.  
Respectfully submitted,

  
Vincent A. Pacileo, III  
Chairman

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