

**TOWN OF STONINGTON
RETIREMENT BOARD
October 27, 2014**

The Stonington Retirement Board held a special meeting on this date at 10:00 a.m., at the Stonington Police Department. Board members present were: Vincent Pacileo III, Chairman; Bill King, and Frank Todisco. Also present were Christopher Rowllins and Devon Francis from Fiduciary Investment Advisors (FIA).

The meeting was called to order at 10:17 a.m.

Review/Act on Fiduciary Investment Advisor's Manager Search Report and Recommendation for PIMCO Replacement:

The Board met to discuss and act on FIA's Manager Search- PIMCO Replacement report. The report is on file in the Department of Administrative Services. Mr. Rowllins reviewed the Town's portfolio asset allocations and unreconciled balances as of October 8, 2014. He reviewed the reasons that FIA put PIMCO on Watch status earlier in the year, due to the departure of Mohamed El-Erian, the firm's CEO and co-CIO. At that time, Bill Gross became sole CIO. Mr. Gross resigned from PIMCO on September 26, 2014. FIA's Internal Investment Manager Due Diligence Committee decided to issue a Termination status on all PIMCO "strategies" for all of their clients, effective immediately upon Mr. Gross's resignation, after "careful and deliberate analysis" of the firm given the magnitude of Mr. Gross's departure.

FIA reviewed their recommendations for replacement money managers. Their selection is as follows:

- Fixed Income Core Plus: Prudential Total Return Bond - 10% target asset allocation, which is approximately \$2.8 million
- Fixed Income Unconstrained: BlackRock Strategic Income Opportunities – 5% target asset allocation, approximately \$1.4 million
- Commodities: Credit Suisse Commodity Return Strategy – 1½% target asset allocation, approximately \$420,000

Upon the Board's approval of FIA's recommendation, they will redeploy these funds and leave enough cash for 3 months of pension payments, which is approximately \$90,000 per month.

After a brief discussion, Mr. Pacileo made a motion to accept F.I.A.'s recommendation to replace PIMCO funds with Prudential (Fixed Income Core Plus) at the asset target %; Black Rock (Fixed Income Unconstrained) at the asset target %; and Credit Suisse Asset Management (Commodities) at the asset target %. Mr. Todisco seconded and it was so voted.

Approve Minutes of the 05/13/2014, 08/08/2014 and 10/01/2014 Meetings:

Mr. Pacileo made a motion to approve the Minutes of the 05/13/2014 meeting. Mr. King seconded. Messrs. King & Todisco voted in favor. Mr. Pacileo abstained because he was not a member of the Retirement Board at the time of the meeting.

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Mr. Pacileo made a motion to approve the Minutes of the 08/08/2014 meeting. Mr. Todisco seconded. Messrs. King & Todisco voted in favor. Mr. Pacileo abstained because he was not a member of the Retirement Board at the time of the meeting.

Mr. Pacileo made a motion to approve the Minutes of the 10/01/2014 meeting. Mr. Todisco seconded and it was unanimously voted.

Adjourn:

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 10:40 a.m.

Respectfully submitted,



Vincent A. Pacileo, III
Chairman

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