

**TOWN OF STONINGTON
RETIREMENT BOARD**

May 13, 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: Maryanna Stevens, Chairman; and Bill King. Both Frank Todisco and John O'Brien were present via telephone. Also in attendance were Christopher Rowllins and Devon Francis, representing Fiduciary Investment Advisors (F.I.A.).

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

Procurement of New Vendor for Pension Custodial Services:

F.I.A. provided the Retirement Board with a summary of their Custody Search. F.I.A. obtained quotes from People's, Washington Trust, Webster, and Wells Fargo. Wells Fargo submitted the most competitive fee. F.I.A. also indicated that they are the most competitive from a qualitative standpoint as well. F.I.A. has worked with Wells Fargo with over 50 client relationships and have been pleased with the service that they have provided. Therefore, F.I.A. recommended Wells Fargo for the Town's defined benefit plan's custodial services.

After a brief discussion, Mr. O'Brien made a motion to accept Wells Fargo as the custodial bank. Mr. King seconded and it was so voted.

F.I.A. will contact Wells Fargo to inform them that they have been selected and to start the process of transitioning the custodial services from Bank of America.

Review of Fund Performance:

Mr. Rowllins reviewed the 1st Quarter Investment Review ending March 31, 2014. The report is on file in the Department of Administrative Services. Ms. Rowllins gave a brief economic and market overview.

Ms. Francis reviewed the Portfolio's performance. The portfolio outperformed the Blended Benchmark for 1 Year, and 3 Years. The portfolio underperformed the Blended Benchmark for the 1st Qtr. 2014, YTD, 5 Years and 10 Years. Ms. Francis stated that F.I.A. does not recommend any asset allocation changes at this time.

Ms. Francis stated that there are 2 managers on Watch Status. PIMCO continues to be on watch status following the departure of CEO/co-CIO Mohamed El-Erian. Ms. Francis indicated that PIMCO will most like move to Maintain Status in the near future. Ms. Francis stated that Thornburg was just placed on Watch Status as of 1st Quarter 2014, due to poor performance driven by poor stock selection. F.I.A. also had concerns due to changes to the structure of Thornburg's management team.

Mr. O'Brien voted to accept F.I.A.'s report. Mr. Todisco seconded and it was unanimously voted.

Discussion of Investment Policy Statement (IPS):

Ms. Stevens reviewed both the old IPS and the IPS, dated 8/13/13, proposed by F.I.A. Ms. Stevens asked F.I.A. why the rate of return is not included in the draft. Ms. Francis stated that their

Attorney suggested that the IPS be broad so that the Town would not be out of compliance, for example, if the portfolio rate of return was less than stated in the IPS. The Board members did not have any recommendations for change to the IPS. Mr. O'Brien made a motion to accept the Investment Policy Statement as presented. Mr. Todisco seconded and it was unanimously voted.

Discussion/Action on COLA:

Ms. Stevens stated that the Board needs to make a decision on whether or not to provide a one-time COLA to current retirees, and the amount of the COLA, based on the proposal below that Bill Woollacott, Hooker & Holcombe, Inc., provided in December 2013.

- 1/12 of One Percent- \$71,000 in increased pension contributions – Funding Ratio 81%
- 1/24 of One Percent - \$44,000 increase – Funding Ratio 82%
- 1/48 of One Percent - \$23,000 increase – Funding Ratio 82%

The maximum COLA would be 10%. The last ad-hoc COLA was implemented effective July 1, 1999.

After some discussion, Mr. O'Brien made a motion to approve the 1/12 of One Percent COLA. Mr. Todisco seconded and it was unanimously voted.

Ms. Stevens stated that she will draft a letter to the Board of Selectmen.

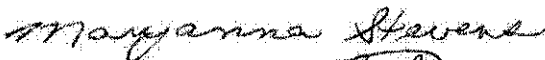
The Board of Selectmen will need to send the Retirement Board's recommendation to Town Meeting for approval. Ms. Stevens will contact Mr. Woollacott to inquire about the effective date.

Approval of March 25, 2014 Minutes:

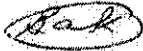
Mr. O'Brien made a motion to approve the Minutes of the March 25, 2014 meeting. Mr. King seconded and it was unanimously voted.

There being no further business to come before the Board, Mr. O'Brien made a motion to adjourn. Mr. Todisco seconded and it was unanimously voted. The meeting adjourned at 9:50 a.m.

Respectfully submitted,



Maryanna Stevens,
Chairman



sak