

TOWN OF STONINGTON  
RETIREMENT BOARD MINUTES  
MAY 1, 2007

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, Frank Connolly, John O'Brien, and Russel Burgess. Edward Haberek joined the meeting at 9:15 a.m. Also present were Cheryl Morgan, Gregory Miller and Brian Waldner, from Bank of America; and David Vincent and Timothy Ryor from Hooker and Holcombe, Inc.

Mr. Sylvestre called the meeting to order at 9:05 a.m.

Review of Fund Performance:

Messrs. Miller and Waldner met with the Retirement Board to review investment results for the Town of Stonington Pension Plan for the period ending March 31, 2007. They also gave an overview of the economic outlook and its possible affect on the fund performance.

Mr. Burgess stated that the fund should be more diversified. There are no Mutual Funds allowed under the current Investment Policies. Mr. Sylvestre stated that Bank of America was going to discuss diversification with the Board at its November meeting. Mr. Burgess suggested that the Board should not wait until November, but begin immediately to take steps to diversify. A discussion ensued with Bank of America regarding this issue.

Mr. Burgess made a motion that the Board consider implementing a broader diversified portfolio, using asset classes, to improve fund performance. Mr. Haberek seconded and it was unanimously voted and also requested that Bank of America prepare an investment strategy and meet with them in a month. The Board set the meeting for June 7, 2007, at 9:00 a.m., to review and act on Bank of America's report.

Review of Actuarial Valuation:

Mr. Sylvestre stated that the Actuarial Valuation of the Retirement Plan (The Plan) went from a two year valuation to an annual valuation, with performance results smoothed over a five year period to avoid budget spikes. Mr. Vincent, from Hooker and Holcombe, Inc., the Town's Actuarial firm, distributed and reviewed a nine year history of The Plan. It included Accrued Liability, Market Value of Assets, Actuarial Value of Assets, Percentage funded, and the Town's Contribution Requirement. The Town's contribution requirement has increased to 10.9% of payroll, as of 7/01/07, due in part to poor market performance in the previous five year period. Some discussion ensued regarding smoothing. Mr. Ryor noted that smoothing in the private sector is going away. Mr. Connolly noted that he could not reconcile the Market Value of the Fund in Bank of America's report with the Market Value of the Fund in the Valuation. Mr. Vincent noted that the effect of smoothing is not represented in Bank of America's figures. The \$600,000 loss reflected in the Actuarial Valuation Report includes the smoothing base. Mr. Vincent stated that the Actuarial Assumptions were established by the Board. The 7.5 % annual rate of return and the 4.5% annual figure used for salary increases are standard. Possibly, the mortality table could be changed. After a brief discussion, it was agreed to maintain the same assumptions at this time. Mr. Vincent stated that there may be an opportunity to further review

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these assumptions after Bank of America introduces the new investment strategy. Mr. Sylvestre stated that the Valuation Report of 7/1/07 will be used for the FY07-08 budget.

New Business: None conducted.

Old Business: None conducted.

Approval of Minutes from the Previous Meetings:

Mr. O'Brien made a motion to approve the Minutes of the November 6, 2006 meeting. Mr. Haberek seconded and it was so voted.

There being no further business to come before the Board, the meeting was adjourned at 10:27 a.m.

Respectfully submitted,

George Sylvestre  
Chairman/Secretary

Grk:sak