

TOWN OF STONINGTON  
RETIREMENT BOARD MINUTES  
JUNE 16, 2009

The Stonington Retirement Board held a special meeting on this date at 9:00 a.m., at the Stonington Public Schools Administration Building. Board members present were: George Sylvestre, Judy Samokar, April Smith, Russel Burgess, and John O'Brien.. Also present were Cheryl Morgan, representing Columbia Management, a division of Bank of America; Han Yik, Senior Portfolio Strategist, Bank of America Institutional Advisory Solutions – Investments; Evan Woollacott, Jr., Hooker & Holcombe, Inc.; and Maryanna Stevens, Town of Stonington Finance Director.

Mr. Sylvestre called the meeting to order at 9:00 a.m.

The purpose of the special meeting was to look at assumptions, investment strategies, goals, policies and get a recommendation from the Board for a strategy going forward.

Review/Act on Impacts of Alternate Assumptions/Investment Strategies:

Mr. Woollacott provided and reviewed several scenarios of the impact of alternate assumptions. He discussed the difference between Normal cost and the Unfunded Past Service Liability. He recommended that the Board must be comfortable with the investments and adjust the assumptions to fit the investments. The Actuarial Value of assets used in the development of plan contributions smoothes the gain or losses over 5 years at 20% each year when return on the market value of assets exceeds or falls short of the valuation interest rate. The Actuarial Value is adjusted, if necessary, to be within the range of 80% to 120% of the Market Value of assets. The Actuarial Value as a percentage of market value was 108.7%, as of the 07/01/08 Valuation. Mr. Woollacott speculated that the assets are not doing well; therefore, the corridor may reach 120%, due to the poor market conditions. If it exceeds 120%, adjustments will have to be made. Mr. Woollacott indicated that Plan is in good shape because the Plan is 82.5% Funded as of the 07/01/2008 Valuation. After a brief discussion, it was the consensus of the Board that 80% Funded is a good target.

Ms. Morgan stated that this meeting is for fact finding and discussion on when to implement investment/assumption changes for the future. Mr. Yik reviewed the Bank of America Institutional Retirement – Asset-Liability Goal Setting and Development Discussions report. The report gave an overview of the Asset-Liability Modeling Process; a High Level Plan Summary for the Town of Stonington; Discovery questions for a Funding Policy, Benefits Policy, and Investment Policy, Key Metrics, Trade-Offs; and other possible factors to be considered by the Retirement Board.

After discussion, it was agreed that Mr. Woollacott will produce a draft report at a 7.25% Rate of Return for discussion with the Board at its November meeting, prior to the finalization of the Valuation report. Mr. Yik will provide the market value of the Fund as of 06/30/09 to Mr. Woollacott for his draft report. Mr. Yik will produce an exploratory model using the Asset-Liability Modeling Process for the Retirement Board Meeting in November. Mr. Woollacott will

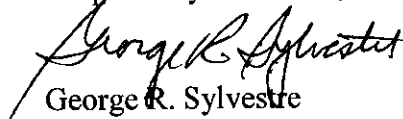
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also provide an example of a formula that towns are using for their additional discretionary contribution, when the funding level falls below the target.

The regular November 2009 meeting of the Retirement Board has been moved from the 1<sup>st</sup> Tuesday in November to Tuesday, November 17, 2009, due to elections, and will, therefore, be a special meeting.

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

Respectfully submitted,



George R. Sylvestre  
Secretary

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