

**TOWN OF STONINGTON
RETIREMENT BOARD
May 3, 2011**

The Stonington Retirement Board held their regular meeting on this date at 9:00 a.m., at the Stonington Public Schools Administration Building. Board members present were: Maryanna Steven, Chairman; John O'Brien; Judy Samokar; and June Strunk. Absent was Robert Cary, Jr. Also present were Cheryl Morgan, representing Columbia Management, a division of Bank of America-Merrill Lynch; Han Yik, Senior Portfolio Strategist, Bank of America Institutional Advisory Solutions – Investments.

The meeting was called to order at 9:09 a.m.

Review of Fund Performance:

Ms. Morgan and Mr. Yik of Bank of America-Merrill Lynch were present to review the Fund performance for the quarter ending 03/31/2011. The Investment Performance is attached. Ms. Morgan stated that the asset managers would not be present today. She felt that it would be a good time for Mr. Yik to review with the Board his role as a strategist.

Mr. Yik reviewed with the Board the fund performance as of 03/31/2011. The market value of the portfolio as of 03/31/2011 was \$20,121,809 and the portfolio was outperforming the benchmark for 5 year, 3 year, YTD, 3 month and 1 month. It was slightly lower than the benchmark for the one year mark. Ms. Strunk asked Bank of America to add a 10 year comparison to the Trailing returns page.

Mr. Yik included a description of the mutual funds owned by the portfolio in the appendix. He reviewed the makeup of the portfolio between equities, fixed income, real estate and cash. Ms. Strunk asked for a more detailed breakdown of the fund make up.

Mr. Yik stated that he will run an Efficient Frontier with and without the alternatives within the portfolio. The Efficient Frontier plots each risk along a curve to show the risk versus the highest expected return possible for the risk. Emergent Markets are riskier investments.

Ms. Strunk asked how often the managers talk with each other about moving money between managers. Mr. Yik indicated that he, as the strategist, rebalances the portfolio on a quarterly basis and more often if necessary.

Mr. O'Brien asked Mr. Yik to define "Commodity Currency Country". Mr. Yik stated that he will get back to the Board with an answer to this question.

Bank of America will provide the Retirement Board with the following:

- Ms. Morgan will redesign the Investment Performance Trailing Returns Page to add the 10 year returns.
- Ms. Morgan will supply a cash flow report for 07/01/2001 through 06/30/2011.

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- Mr. Yik will give the Board a clear explanation of a "Commodity Currency Country" and will run and present an Efficient Frontier of asset allocation alternatives with and without the riskier alternatives.

The Board will hold a special meeting on Tuesday, August 9, 2011, at 9:00 a.m. to review the information provided by Bank of America. Mr. Yik will present his asset allocation recommendations at that meeting.

Old Business:

Due Diligence: The last Due Diligence Analysis was completed in October 2000. The Board agreed that it was time for a new analysis. Maryanna Stevens will contact three vendors who can give the Town a proposal for their services. A special meeting will be scheduled in the future to meet with the vendors.


New Business: None conducted.

Approval of Minutes from 12/14/2010 Meeting:

Mr. O'Brien made a motion to accept the Minutes of the 12/14/2010 meeting. Ms. Strunk seconded and it was so voted.

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

Respectfully submitted,


Maryanna Stevens,
Chairman

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attachmment

Investment Performance - As of 03/31/2011

	Market Value	Allocation (%)	1 Month (%)	3 Months (%)	YTD (%)	1 Year (%)	3 Years (%)	5 Years (%)	Inception Date
Total Portfolio	\$20,121,653	100.0	0.68	4.33	4.33	12.21	5.31	4.93	01/1980
Custom Blend*	-	-	0.20	3.69	3.69	12.66	4.37	4.87	-
Equities	\$13,055,790	64.9	0.68	5.73	5.73	15.87	3.23	3.77	01/1980
U.S. Large Cap	\$7,537,359	37.6	0.39	5.14	5.14	14.41	1.59	-	01/2008
U.S. Mid Cap	\$973,255	4.8	2.15	6.78	6.78	18.48	10.95	-	01/2008
Russell 1000 Index	-	-	0.26	6.24	6.24	16.69	2.98	2.93	-
U.S. Small Cap	\$840,359	4.2	4.15	9.66	9.66	29.29	10.01	-	01/2008
Russell 2000 Index	-	-	2.59	7.94	7.94	25.79	8.57	3.35	-
International Developed	\$2,532,068	12.6	-0.16	6.10	6.10	13.27	0.00	-	01/2008
MSCI EAFE Index (Net)	-	-	-2.24	3.36	3.36	10.42	-3.01	-	-
Emerging Markets	\$1,152,749	5.7	7.06	-	-	-	-	-	03/2011
MSCI Emerging Markets Free Index (Gross)	-	-	6.89	-	-	-	-	-	-
Fixed Income	\$6,651,309	33.1	0.17	0.99	0.99	6.58	7.22	6.60	01/1980
Investment Grade Taxable	\$5,631,837	27.0	0.12	0.79	0.79	6.20	6.80	-	01/2008
Barclays Capital Aggregate Bond Index	-	-	0.06	0.42	0.42	5.12	5.30	-	-
International Developed Bonds	\$333,779	1.7	0.45	1.82	1.82	8.06	9.02	-	01/2008
JP Morgan Non-US Gov't Unhedged Index	-	-	0.43	0.87	0.87	9.83	3.96	-	-
Global High Yield Taxable	\$888,693	4.4	0.23	3.63	3.63	13.16	-	-	05/2008
Merrill Lynch High Yield Master Index	-	-	0.41	3.85	3.85	14.14	-	-	-

Past performance is no guarantee of future results. Returns for periods greater than one year are annualized.

*Custom Blend benchmark components: 42% Russell 1000, 3.5% Russell 2000, 12% MSCI EAFE, 4% MSCI Emerging Markets, 34.5% Barclays Aggregate, 4% Merrill Lynch High Yield

Investment Performance - As of 03/31/2011

	Market Value	Allocation (%)	1 Month (%)	3 Months (%)	YTD (%)	1 Year (%)	3 Years (%)	5 Years (%)	Inception Date
Real Estate	\$58,721	0.3	1.14	9.20	9.20	26.51	8.45	--	12/2007
NAREIT Equity Index	--	--	-1.28	7.50	7.50	25.00	2.63	--	--
Cash/Currency	\$352,833	1.8	0.01	0.08	0.08	0.40	1.22	2.71	01/1980
Merrill Lynch 90 Day T-Bill	--	--	0.03	0.05	0.05	0.16	0.51	2.23	--

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