

**TOWN OF STONINGTON
RETIREMENT BOARD
February 5, 2013**

The Stonington Retirement Board held a regular meeting on this date at 9:00 a.m., at the Stonington Police Station. Board members present were: Maryanna Stevens, Chairman; John O'Brien and Frank Todisco. Absent were Judy Samokar and June Strunk. Also in attendance was Evan Woollacott Jr., from Hooker & Holcombe Inc.

The meeting was called to order at 9:05 a.m.

Review of Alternative Plan:

Mr. Woollacott provided and reviewed an analysis of the Town's current defined benefit plan (DB) versus a new defined contribution plan (DC), with the DB plan closed to new employees. He used 3% for Payroll Growth Assumption; 6% for the DC Plan Employer Contribution; and 5.80% for Expected Future DB Plan cost a % of Pay. The 6% employer contribution for the DC plan will cost the Town slightly more; however, the DC plan eliminates the risk for the Town.

At the Board's request, Mr. Woollacott provided scenarios using 5.5% & 5.75% employer contributions to see if there was more cost saving for the Town. Ms. Stevens stated that the Board needs to make a decision on whether or not to use a different employer contribution. Mr. Woollacott indicated that 5% employer contribution is an adequate plan and is a better plan than the average corporate DC plan, which is 6% employee contribution with a 50% employer match. After some discussion, Mr. Todisco made a motion to change the employer contribution to 5% in the DC plan. Mr. O'Brien seconded and it was so voted. Mr. O'Brien questioned Mr. Woollacott regarding other CT Town's DB funding ratios. Mr. Woollacott indicated that the Town's funding ratio at 81% using a 7.5% rate of return is better than most other CT municipalities. Mr. Woollacott indicated that he will look at the portfolio's Asset Policy & our expected returns, since some of the asset categories have dropped a few basis points.

Review of Fund Performance:

Ms. Stevens indicated that Fiduciary Investment Advisor's (FIA) contract has not yet been finalized, due to some language that needs to be resolved. She is hoping to have FIA on board by the next meeting to review the portfolio, fund performance, and the Investment Policy Statement and make recommendations to the Retirement Board.

The Board reviewed Bank of America's 4th Quarter 2012 Investment Report. The Total Portfolio's market value as of 12/31/2012 was \$23,315,586. The portfolio underperformed the Custom Blend benchmark for the 3 month and 1 year period. The portfolio outperformed the Custom Blend benchmark for the 2 years, 3 years, and 5 years period. Attached is the Investment Performance portion of the report.

Old Business: None conducted.

New Business: None conducted.

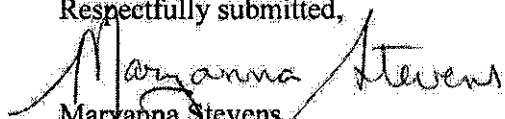
Approval of Minutes from December 4, 2012 Meeting:

The Board has not reviewed the Minutes. They will be approved at the next meeting.

The next meeting of the Retirement Board will be held on Tuesday, May 7, 2013.

There being no further business to come before the Board, the meeting was adjourned at 9:35 a.m.

Respectfully submitted,


Maryanna Stevens,
Chairman

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attachment

Investment Performance - As of 12/31/2012

Town of Stonington

	Market Value	Allocation (%)	3 Months (%)	1 Year (%)	2 Years (%)	3 Years (%)	5 Years (%)	Since Inception (%)	Inception Date
Total Portfolio	\$23,315,586	100.0	0.62	13.80	7.31	8.28	4.32	9.24	01/1980
Custom Blend*	--	--	1.32	12.48	6.77	8.73	3.44	--	--
Equities	\$13,667,591	59.9	0.39	13.54	7.33	9.78	1.98	10.53	01/1980
S&P 500	--	--	-0.38	16.00	8.84	10.87	1.67	11.21	--
Russell 1000 Index	--	--	0.12	16.42	8.71	11.11	--	1.91	--
U.S. Small Cap	--	--	1.85	16.35	5.39	12.25	--	3.55	--
Russell 2000 Index	--	--	1.85	16.35	5.39	12.25	--	3.55	--
International (Developed)	--	--	6.57	17.32	1.52	3.56	--	-3.69	--
MSCI EAFE Index (Net)	--	--	6.57	17.32	1.52	3.56	--	-3.69	--
Emerging Markets	--	--	5.61	18.64	--	--	--	0.91	--
MSCI Emerging Markets Free Index (Gross)	--	--	5.61	18.64	--	--	--	0.91	--

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% Rarelays Aggregate, 4% Merrill Lynch High Yield

Investment Performance - As of 12/31/2012

Town of Stonington

	Marker Value	Allocation (%)	3 Months (%)	1 Year (%)	2 Years (%)	3 Years (%)	5 Years (%)	Since Inception (%)	Inception Date
Fixed Income	\$7,891,940	33.9	1.15	3.01	7.33	8.07	7.52	8.35	01/1980
Barclays Capital Aggregate Bond Index	-	-	0.22	4.22	6.01	6.19	5.95	8.55	-
Investment Company of America	2,356	9.56	1.36	8.56	-	-	-	-	-
Investment Company of America	2,356	9.56	1.36	8.56	-	-	-	-	-
JP Morgan Non-US Gvt Unhedged Index	-	-	-2.74	0.84	3.34	4.48	-	5.71	-
JP Morgan Non-US Gvt Unhedged Index	-	-	-2.74	0.84	3.34	4.48	-	5.71	-
Merrill Lynch High Yield Master Index	-	-	3.19	15.44	9.83	11.61	-	10.39	-
Merrill Lynch High Yield Master Index	-	-	3.19	15.44	9.83	11.61	-	10.39	-
Rent Estate	\$191,548	0.8	1.19	8.33	19.12	21.84	10.90	10.71	12/2007
NAREIT Equity Index	-	-	3.11	19.70	13.85	18.36	5.73	4.57	-
NAREIT Equity Index	-	-	3.11	19.70	13.85	18.36	5.73	4.57	-
Cash/Currency	\$1,264,207	5.4	0.04	0.24	0.23	0.35	0.69	5.91	01/1989
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Merrill Lynch 90 Day T-Bill	-	-	0.04	0.11	-0.11	0.11	0.52	5.20	-
Merrill Lynch 90 Day T-Bill	-	-	0.04	0.11	-0.11	0.11	0.52	5.20	-

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