

CITY OF WOONSOCKET

INVESTMENT BOARD

MINUTES OF THE MEETING OF August 29, 2012

The City of Woonsocket Investment Board met on Wednesday, August 29, 2012.

The following members were in attendance: Roger Begin, Richard Lepine, William Tsonos, and Ernest Boisvert.

Also attending was: Thomas M. Bruce III, Diane M. Ciullo, Daniel Waugh, Moses and Afonso, Philip M. Gorgone, P-Solve Asset Solutions, and Justyna Mietelska, P-Solve Asset Solutions.

The meeting was called to order at 8:35am.

Review and Approval of Minutes

A motion was made by Ernest Boisvert to approve the amended minutes of the December 7, 2011, March 22, 2012, and June 6, 2012 meetings, seconded by William Tsonos. Motion carried by unanimous voice vote.

Review of Investment Activity by P-Solve Asset Solutions

As of June 30, 2012 the portfolio has a year to date performance of 3.9%. This performance compares to the total portfolio benchmark of 3.0%. The value for the lower risk portion of the portfolio was 3.2% versus the benchmark of 2.4%. The value for the highest risk portion of the portfolio was 9.1% versus the benchmark of 7.4%.

Mr. Gorgone reported the following asset allocations as of June 30, 2012; fixed income 30%, equity and DAA 30%, and cash 40%, which was in line with the new Investment Policy targets.

Discussion of Investment Strategies and P-Solve Recommendations

Mr. Gorgone discussed that Hartford has a corporate holding, which has been downgraded to below investment-grade by S&P, but continues to be rated investment grade by Fitch and Moody's (i.e. split rated).

Hartford is looking to us for clarification as to whether they can purchase and hold corporate issues (or other securities) that are in the index but not rated investment-grade by all three rating agencies.

A motion was made by Chairman Begin, as recommended by P-Solve, to adopt the following language to be used for the treatment of split rated bonds.

- If an issue is rated by 3 national recognized rating agencies, then**

the middle rating will define the suitable quality level.

• If an issue is rated by less than 3 national recognized rating agencies, then the lowest rating will define the suitable quality level.

Motion was seconded by Ernest Boisvert, motion carried by unanimous voice vote.

Other Business

Mr. Bruce stated that there has been communication with the coordinator of the Budget Commission, David Eaton, to schedule a meeting with the Investment Board. Mr. Bruce will follow-up with Mr. Eaton and report to the Investment Board about a specific day and time.

The motion to adjourn was made by Ernest Boisvert, seconded by William Tsonos. Motion carried by unanimous voice vote.

Meeting adjourned at 10:00 am.