

**MINUTES OF THE TOWN OF FARMINGTON RETIREMENT BOARD  
MEETING  
HELD ON MARCH 7, 2017**

**PRESENT:**

**Board Members**

Peter Mastrobattista  
Edward Leary  
Joan Valenti  
Douglas Clark  
Robert Brochu  
Pauline Wilson  
Geoffrey Porter  
Kyle Cunningham  
Stephen Eagen

**Other:**

Christopher Rowlin  
Becky Sielman  
Michelle Rubin  
Joseph Swetcky

**CALL TO ORDER**

The meeting was called to order at 4:30 p.m. by Mr. Mastrobattista.

**PUBLIC COMMENTS**

There were no members of the public present.

**REVIEW AND ACTION ON THE MINUTES OF THE MEETING OF  
NOVEMBER 16, 2016**

Ms. Wilson moved to approve the minutes of the meeting of November 16, 2016 as presented. The motion was seconded by Ms. Valenti and approved by the Board.

**REVIEW OF ACTUARIAL VALUATION AS OF JULY 1, 2016 AND GASB 67  
AND 68 DISCLOSURES**

Ms. Sielman, the pension plan actuary, began her presentation by introducing Michelle Rubin a new member of Ms. Sielman's actuarial team. She then distributed an Executive Summary of the July 1, 2016 actuarial report. She noted that as of July 1, 2016 the market value of the Plan was \$78.3 million while the actuarial value was \$82.8 million. For Plan year 2015/2016 plan assets earned -.25% on a market value basis and 5.51% on an actuarial basis. The actuarial value exceeds the market value by \$4.5 million. This amount represents investment losses that will be recognized over the next five years, which in turn will result in upward pressure on the Town's required contribution.

Membership in the plan grew over the previous year. At June 30, 2016 there were 350 active members in the Plan; 97 members who have terminated employment but are vested to some degree; and 236 members receiving a monthly benefit. Overall net membership grew by 28 members, and payroll grew by 1.75% for the year.

The funded status of the Plan declined slightly to 74.6% from 74.7% the previous year. Ms. Sielman indicated that the funded status would probably decline slightly over the next few years based on current plan trends. Conversely, the Actuarially Determined Contribution is forecasted to increase over the next few years using the same trends.

The Actuarially Determined Contribution for Plan Year 2017/2018 is \$3,281,473 an increase of \$163,444 over the previous year. By component the Normal Cost increased by \$59,329; the Past Service Cost increased by \$93,422; and the interest cost increased by \$10,693.

Ms. Sielman also discussed the GASB 67 and 68 Disclosures and how they differed from the results presented in the Valuation report.

### **INVESTMENT PERFORMANCE REVIEW: QUARTER ENDED DECEMBER 31, 2016**

Mr. Rowlins began his presentation of the quarterly review by providing an update on FIA. He noted that FIA has just celebrated their 10<sup>th</sup> anniversary as an independent firm; they have over 350 clients with assets exceeding \$52 billion; they were named one of the Best Places to Work by the Hartford Business Journal; and, they were recognized as one of the top 50 investment consulting firms.

Mr. Rowlins then moved onto the Fiduciary Governance Calendar. For the fourth quarter the topic is the pension landscape. He presented a table which showed the correlation between discount rates, unfunded liability, and percent funded. He noted that as the discount rate decreases the unfunded liability increases and the percent funded decreases. He also explained a second table that showed the distribution of funded ratios as of 2015. He pointed out that 44.0% of all public pension plans were between 60% and 79% funded. The Farmington Pension Plan at 74.6% funded was consistent with the majority of Plans.

In regards to results, Plan investments returned .7% for the quarter which outperformed its blended benchmark by .6%. Total plan assets were \$82.4 million at December 31, 2016, a gain of \$578,672. For the first six months of the Plan Year plan investments returned 4.2% which again outperformed the benchmark by .7%.

Mr. Rowlins introduced the Board to a new report contained in the review document. This report gave an overview of individual manager performance on a quarterly, year to date, one, three, and five year and since inception basis.

By component Fixed Income investments had a loss of 0.1% for the quarter but performed better than its benchmark which returned a -3.5%. Templeton Global Bond Fund had a very good quarter returning 8.3% while the Fidelity, Prudential and Vanguard funds all had a down quarter returning -2.1%, -3.0% and -3.2% respectively.

Domestic Equity investments had a good quarter returning 4.4% versus its benchmark which returned 4.2%. International Equity investments had a poor quarter returning a -3.7% versus -1.3% for its benchmark. All funds in this group had negative results with Aberdeen Emerging Markets having the worse performance of the group at a -5.8%.

Mr. Rowlins also gave an update of the portfolio's performance as of January 2017. He noted that the stock market was doing very well right now and it was being reflected in the pension plan portfolio. Plan assets stood at \$83.0 million and investment return was 1.5%. Mr. Rowlins concluded his presentation by indicating that FIA was not making any recommendations for changes to investments or allocations at this time.

There being no further business; Mr. Brochu made a motion to adjourn the meeting. The motion was seconded by Mr. Cunningham and approved. The meeting adjourned at 5:43 p.m.

Respectfully submitted,

Joseph Swetcky, Jr.  
Director of Finance

Approved by the Retirement Board on May 24, 2017.