

**MINUTES OF THE TOWN OF FARMINGTON RETIREMENT BOARD  
MEETING  
HELD ON MAY 3, 2018**

**PRESENT:**

**Board Members**

Bruce Charette  
Joan Valenti  
John Silver  
Steve Cohen  
Stephen Egan

**Other:**

Christopher Rowllins  
Joseph Swetcky

**CALL TO ORDER**

The meeting was called to order at 5:00 p.m. by Mr. Charette.

**INTRODUCTION OF MEMBERS**

Mr. Charette introduced himself to the other Board members and asked each person attending the meeting to introduce themselves and provide some background about themselves.

**PUBLIC COMMENTS**

There were no members of the public present.

**REVIEW AND ACTION ON THE MINUTES OF THE MEETING OF  
DECEMBER 7, 2017**

No action was taken.

**INVESTMENT PERFORMANCE REVIEW: QUARTER ENDED MARCH 31,  
2018**

Mr. Rowllins indicated that under the Defined Benefit Fiduciary Governance Calendar FIA's focus for the quarter ended March 31 is on fees. He noted that plan fiduciaries have a responsibility to understand the fees being charged by providers of services to the Plan and to ensure that the fees are reasonable. Mr. Rowllins reviewed the fees charged by each asset manager; Wells Fargo, the Plan Custodian, and by FIA. He pointed out that the weighted average investment management fee was .53% as of December 31, 2017.

Questions were raised by Board members regarding using Wells Fargo as the Plan Custodian in light of all the bad publicity they have received and bad practices they have been accused of recently. A discussion took place regarding the service that Wells Fargo's Institutional and Retirement Services unit has been providing. It was pointed out that while several units of Wells Fargo have been accused of or have acknowledged undertaking bad practices, the Institutional and Retirement Services unit has not been. The Board Members did not take any action on this issue.

In terms of investment performance, Mr. Rowlins pointed out that most benchmark indices showed negative returns. He noted that the volatility began in February and continued into March. Several reasons contributed to the volatility including concerns about inflation, rising interest rates and the possibility of a trade war.

The Plan's investment performance for the quarter was flat, returning 0%. This outperformed the Plan's blended benchmark which returned -0.8% for the quarter. Year to date (July 1, 2017 to March 31, 2018) Plan investments returned 7.0% versus a 6.6% return for the blended benchmark, and for the past full year the Plan returned 10.0%, outperforming its benchmark by .5%.

Performances by asset sectors were:

Fixed Income	-0.6%
Domestic Equity	-0.2%
International Equity	+0.8%
Inflation Protection	-2.1%
Real Estate	+1.6%
Asset Allocation	-0.2%

Individually the funds in the International component performed very well for the quarter with the Hartford International Opportunities Fund, the American Funds Europacific Growth Fund and The Templeton Institutional Foreign Smaller Company Series Fund all beating their benchmarks. The Aberdeen Emerging Markets fund also had a positive result for the quarter but did not beat its benchmark. Mr. Rowlins noted that FIA had placed this fund on its watch list during the quarter.

Mr. Rowlins also informed the Board that the Wells Fargo Asset Allocation Fund which was sub-advised by GMO, has announced that they are ending the relationship with GMO and putting the management of the Fund with an in-house team at Wells Fargo. FIA has concerns about this strategy and as a result has recommended that the Fund be terminated from the portfolio. FIA is further recommending that the assets in this fund be moved to an asset allocation fund directly managed by GMO. Ms. Valenti moved to accept FIA's recommendation to terminate the relationship with the Wells Fargo Asset Allocation Fund and to move the assets to GMO's asset allocation fund. Mr. Cohen seconded the motion. The Board members discussed the recommendation and voted unanimously to approve it.

There being no further business, Mr. Cohen made a motion to adjourn the meeting. The motion was seconded by Mr. Silver and approved. The meeting adjourned at 5:52 p.m.

Respectfully submitted,

Joseph Swetcky, Jr.  
Director of Finance

Approved by the Town of Farmington Retirement Board on September 4, 2018

