

**MINUTES OF THE TOWN OF FARMINGTON RETIREMENT BOARD
MEETING
HELD ON AUGUST 28, 2017**

PRESENT:

Board Members

Peter Mastrobattista
Ken Miller
Joan Valente
Joshua Allen
Robert Brochu

Other:

Christopher Rowlins
Joseph Swetcky

CALL TO ORDER

The meeting was called to order at 4:32 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 MAY 24, 2017

Mr. Miller moved to approve the minutes of the meeting of May 24, 2017 as presented. The motion was seconded by Mr. Brochu and approved by the Board.

INVESTMENT PERFORMANCE REVIEW: QUARTER ENDED JUNE 30, 2017

Under the Defined Benefit Fiduciary Governance Calendar the second quarter is when the investment policy statement should be reviewed. Mr. Rowlins described the essential components of an effective investment policy statement and compared them to the Pension Plan's statement. He stated that FIA did not see any need to revise the Plan's investment policy statement at this time.

Mr. Rowlins also provided a brief legislative update on the status of public pension plans nationally. He noted that 74% of state plans and 57% of local plans were changed during the period between 2009 and 2014. The most common change for existing employees is increased contribution requirements and reductions in cost of living adjustments. For new employees the most common changes are reductions in benefits.

In regards to the portfolio, at June 30, 2017 Total Plan Assets stood at \$85.7 million. All asset classes were within their target allocation. Plan investments returned 2.8% for the quarter and 7.3% year to date (Calendar Year). On a Plan Year (July 2016 to June 2017) the Plan earned 11.8%. The year to date and plan year returns exceeded performance benchmarks by 0.4% and 1.2% respectively.

By asset class, Fixed Income returned .9% for the quarter or .7% below its benchmark. Templeton Global Bond was the worst performer returning a -1.3 versus its benchmark which returned a +2.9%. Domestic equities slightly outperformed their quarterly benchmark but were below their benchmark on a year to date basis. International Equity outperformed its benchmark for the quarter +1.7% and for the year to date +3.3%. Real estate was below its benchmarks for the quarter -.1% and year to date -.4%.

The Inflation Protected asset class underperformed its benchmark for the quarter returning a -5.8% versus its benchmark which returned -3.6%. The year to date returns also underperformed with Plan investments returning -7% and the benchmark returning -5.4%.

The two asset allocation funds underperformed their benchmark for the quarter by .3% but matched their benchmark year to date by returning 8%. Mr. Rowlin also notified the Board that FIA had issue a recommendation that the BlackRock Global Allocation fund be terminated. The “Terminate” recommendation was made because the long-time portfolio manager retired on August 1, 2017 and due to changes the new investment team was making to the investment process.

In addition to terminating the BlackRock Global Allocation Fund Mr. Rowlin further recommended that the proceeds from BlackRock be distributed to other funds throughout the portfolio instead of adding a new fund. Since some of the asset classes were at their target allocation, an adjustment to the target allocations of certain asset classes would be necessary. After considerable discussion it was agreed to terminate the investment in the BlackRock Global Allocation Fund and to:

Increase the Target Allocation for Fixed Income by 1% (From: 30% to: 31%)
Increase the Target Allocation for International Equity by 2% (From: 20% to 22%)
Increase the Target Allocation for the Wells Fargo Advantage Asset Allocation Fund by 2% (From: 5% to 7%).

Based on these adjustments the proceeds of the BlackRock Global Allocation Fund would be distributed:

\$1,250,000 to Fixed Income
\$1,250,000 to International Equity
\$1,845,000 to the Wells Fargo Advantage Asset Allocation fund

There being no further business; Ms. Valente made a motion to adjourn the meeting. The motion was seconded by Mr. Brochu and approved. The meeting adjourned at 5:31 p.m.

Respectfully submitted,

Joseph Swetcky, Jr.
Director of Finance

