

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

PRESENT:

Board Members

Peter Mastrobattista
Ken Miller
Joan Valenti (left at 5:15 p.m.)
Joshua Allen
Robert Brochu
Ed Leary
Geoffrey Porter
Kyle Cunningham
Stephen Egan

Other:

Christopher Rowllins
Joseph Swetcky
Rebecca Sielman (left at 5:05 p.m.)
Michelle Rubin (left at 5:05 p.m.)

CALL TO ORDER

The meeting was called to order at 4:35 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 AUGUST
28, 2017**

Mr. Allen moved to approve the minutes of the meeting of August 28, 2017 as presented. The motion was seconded by Mr. Leary and approved by the Board.

ACTUARIAL VALUATION AS OF JULY 1, 2017

Ms. Sielman and Ms. Rubin from Milliman presented the actuarial valuation of the pension plan as of July 1, 2017. They reported that the 2016/2017 Plan Year was a “ho hum year”. There were 24 retirements versus the actuarial projection of 16 retirements. The age of the retirees was also younger than expected. These factors contributed to an increase in the unfunded accrued liability of \$2.3 million. At July 1, 2017 the funded ratio for the Plan was 74.0% which is a .6% reduction from the previous year.

Total plan assets equaled \$85,808,667 on a market value basis which was an 11.88% return. On an actuarial basis the value of Plan assets was \$86,843,235 which represented an increase of 7.01%. The accrued liability for active members decreased by \$1.4 million but the accrued liability for members in pay status increased by \$7.5 million resulting in an increase in the total accrued liability of \$6.4 million. The actuarially determined contribution amount for July 1, 2018 is \$3,457,314 an increase of \$175,841 from the previous year.

In regards to participation, there were 701 total members as of July 1, 2017. Of this total there were 339 active members which was a decrease of 11 members; there were 109 terminated vested members which was an increase of 12 members; and, 253 members in pay status which was an increase of 17 members. The average age for active members was 46.8 years while the average age for members in pay status was 70.9 years. Total payroll was \$21.6 million which was a decrease of \$382,000 from the previous year.

Ms. Sielman and Ms. Rubin concluded their presentation and left the meeting at 5:05 p.m.

INVESTMENT PERFORMANCE REVIEW: QUARTER ENDED SEPTEMBER 30, 2017

Under the Defined Benefit Fiduciary Governance Calendar FIA's third quarter focus is on Asset/Liabilities. Mr. Rowlins from FIA noted that the Board had just heard from the Plan Actuary and that based on their presentation, FIA did not see a need at this time to change the Plan's asset allocation.

In regards to investment performance, total Plan assets at September 30, 2017 stood at \$90,604,251 an increase of \$4.9 million. Of the increase, \$2.9 million was due to investment gains and the balance was due to contributions. For the quarter investments returned 3.4% which was .1% below the blended benchmark. Calendar year to date investments gained 10.9% which was .2% above the benchmark.

By asset class;

Fixed Income earned 1% for the quarter and 3.9% for the calendar year. The Prudential Total Return Bond Fund was a strong performer during the quarter earning 1.4%.

Domestic equity earned 4.5% for the quarter and 13.4% for the calendar year. The Vanguard Explorer Value Fund was the strongest performer in this category returning 5.5% for the quarter and 8.4% for the year.

International equities returned 5.8% for the quarter and 24.3% for the year to date. American Funds' EuroPacific Growth Fund was the top performer in this category. Also of note, FIA put the Aberdeen Emerging Markets fund on their watch list because of performance issues and Aberdeen's merger with Standard Life which occurred in August 2017.

The Barings Core Property Fund returned 2.2% for the quarter and 5.0% year to date. Mr. Rowlins noted that the fund was also placed on FIA's watch list due to management changes however FIA was not too concerned about the Fund at this time.

The Inflation Protection component of the portfolio returned 3.6% for the quarter but was at a -3.6% for the calendar year. The Van Eck Global Hard Assets fund had a good quarter returning 8.5% but for the calendar year to date they were at a -9.1%.

The Asset Allocation component which is made up of the Wells Fargo Asset Allocation Fund returned 3% for the quarter and 11.5% year to date. Both were below the Fund's blended benchmark.

Mr. Rowlinson also presented the results for the investment portfolio for the month of October, 2017. At October 31, 2017 the portfolio stood at \$91,589,750, an increase of 1.4% for the month and 12.4% year to date. Domestic and International equities were strong performers for the month with both returning 2.4%. Mr. Rowlinson did not have any recommendations for changes to the portfolio at this time.

There being no further business, Mr. Miller made a motion to adjourn the meeting. The motion was seconded by Mr. Porter and approved. The meeting adjourned at 5:29 p.m.

Respectfully submitted,

Joseph Swetcky, Jr.
Director of Finance

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