

**MINUTES OF THE TOWN OF FARMINGTON RETIREMENT BOARD
MEETING
HELD ON MAY 24, 2017**

PRESENT:

Board Members

Peter Mastrobattista
Edward Leary
Ken Miller
Douglas Clark
Joshua Allen
Robert Ingvertsen
Kyle Cunningham
Stephen Egan

Other:

Christopher Rowllins
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.

Mr. Joshua Allen, the new BOE CILU representative, was introduced to the Retirement Board members. Mr. Allen will be replacing Ms. Pauline Wilson who recently resigned from the Board.

REVIEW AND ACTION ON THE MINUTES OF THE MEETING OF MARCH 7, 2017

Mr. Leary moved to approve the minutes of the meeting of March 7, 2017 as presented. The motion was seconded by Mr. Egan and approved by the Board.

INVESTMENT PERFORMANCE REVIEW: QUARTER ENDED MARCH 31, 2017

Mr. Rowllins began his presentation of the quarterly review by providing an update on the Fiduciary Governance Calendar. For the first quarter the focus is on fees. He provided a detail review of the fee schedule that the Plan was currently incurring. He noted that the Average Weighted Investment Management Fee for the Plan is .54% Based on the current plan asset value that equals approximately \$445,000 in investment management fees. The Plan is also paying a custodial fee to Wells Fargo of approximately \$25,700 and a consulting fee to FIA of \$52,167.

Mr. Rowllins continued by providing an overview of the market, economy and the impact of both on the various market indices. He pointed out that in the first quarter almost all sector indices experienced positive results as the stock market continued to perform well.

Overall pension plan investments returned 4.3% for the quarter which was .3% above the blended benchmark. For the period July 1, 2016 to March 31, 2017 investments returned 8.7% versus the blended benchmark which returned 7.6%. At March 31, 2017 Plan Assets stood at \$84.7 million, a gain of \$2.3 million since the end of the last quarter.

By asset category:

The Fixed Income component returned 1.9% versus its benchmark return of 1%. The Templeton Global Bond Fund had a very good quarter returning 4.7%. They also rank number 4 in their peer group based on performance. The Prudential Total Bond Fund also had a strong quarter returning 1.8% and outperforming its benchmark by 1%.

The Domestic Equity component returned 5.2% for the quarter versus its benchmark which returned 5.7%. The Eaton Vance Atlanta Capital SMID fund was the weakest performer in this group returning 5.3% or 1% less than its benchmark.

International Equity had a strong quarter returning 9.3% which was 1.4% better than its benchmark. Solid returns for the quarter came from American Funds EuroPacific Growth (+9.4%); Templeton Institutional Small Cap (+10.1%) and Aberdeen Emerging Markets (+12.0%).

The Inflation Protection component had a down quarter returning a -1.5%. The commodity and hard asset funds had negative results which were slightly offset by the Vanguard Short Term Inflation Protection fund. The Real Estate Component had a good quarter returning 1.2% but did not outperform its benchmark which returned 1.6%.

The two asset allocation funds in the portfolio had a good quarter, returning a combined 4.8% or .2 % better than their benchmark. The Wells Fargo Asset Allocation Fund, in particular, had a strong quarter returning 5.1%.

Mr. Rowlinson noted that FIA did not have any recommendations for investment changes at this time. He did point out that the Aberdeen Emerging Markets fund was on FIA's Watch List due to their announced merger with Standard Life. FIA was monitoring what impact the merger may have on the fund. Also, despite good performance in the first quarter, the Wells Fargo Asset Allocation Fund was maintained on the Watch List as FIA monitor the management changes that were occurring at the fund.

FIA's April Capital Markets Flash Report was also presented by Mr. Rowlinson. He noted that April was another strong month for investment performance. As of April 30, 2017 Plan Assets stood at \$85.2 million, a gain of 1.1%. Year to date (January-April) Plan investments have returned 5.5% versus the benchmark return of 5.1%. Equities performed well in April with domestic equities returning 1.1% and international equities returning 3.2%. The Inflation Protection component of the portfolio was the "drag" on the portfolio with a -2.2% return. The Van Eck Global Hard Assets fund was the weakest performer returning a -5.3%.

There being no further business; Mr. Miller made a motion to adjourn the meeting. The motion was seconded by Mr. Cunningham and approved. The meeting adjourned at 5:09 p.m.

Respectfully submitted,

Joseph Swetcky, Jr.
Director of Finance