

**MINUTES OF THE TOWN OF FARMINGTON RETIREMENT BOARD MEETING
HELD ON SEPTEMBER 28, 2022**

PRESENT:

Board Members

Keith Vibert
Christopher Jesudowich
Talia Stigliano
Steve Egan
Robert Brochu
Rob Huelin
Geoffrey Porter

Other:

Christopher Rowllins
Joseph Swetcky

CALL TO ORDER

The meeting was called to order at 4:33 p.m. by Mr. Vibert.

PUBLIC COMMENTS

There were no members of the public present.

REVIEW AND ACTION ON THE MINUTES OF THE MEETING OF JUNE 2, 2022

Mr. Brochu moved to approve the minutes of the Retirement Board meeting of June 2, 2022. Mr. Egan seconded the motion, and the minutes were approved as presented.

INVESTMENT PERFORMANCE REVIEW QUARTER ENDED JUNE 30, 2022

Mr. Rowllins presented the investment performance results for the quarter ended June 30, 2022. He began by reviewing the Fiduciary Governance Calendar which for the second quarter dealt with a review of the investment policy statement. He noted that the current investment policy statement was most recently approved by the Board in August of 2020. Mr. Rowllins did not have any suggested changes to the investment policy statement at this time.

As of June 30, 2022, the investment portfolio totaled \$94,851,758. Investments were allocated:

	Actual	Target
Short Term Liquidity (cash)	0.9%	0.0%
Fixed Income	34.9%	35.3%
Domestic Equity	32.9%	33.3%
International Equity	22.6%	24.5%
Real Estate	8.7%	7.0%

For the quarter the investment portfolio returned a negative 9.6% versus its benchmark which returned a negative 10.4%. Year to date (January 2022 to June 2022) the Plan's investments returned a negative 15% which was comparable to the blended benchmark which returned a negative 14.7%. For the Fiscal Year (July 1, 2021, to June 30, 2022) Plan investments experienced a net loss of \$13.1 million for a negative 12.0 percent return.

By investment class, results were:

	QTD	YTD	FISCAL YTD
Fixed Income	- 4.9%	-10.8%	-10.7%
Composite Benchmark	- 4.7%	-10.9%	-11.5%
Domestic Equity	-14.4%	-18.0%	-10.2%
Composite Benchmark	-16.7%	-21.1%	-13.9%
International Equity	-13.8%	-23.4%	-25.2%
Composite Benchmark	-13.7%	-18.4%	-19.4%
Real Estate	+ 2.8%	+ 9.5%	+24.1%
NCREIF Fund Index	+ 4.5%	+12.0%	+28.3%

Mr. Rowllins noted that Fiducient Advisors had a “Maintain” recommendation for all managers at this time.

For July, Plan investments returned a positive 4.3% with Plan assets (Net of Cash) increasing to \$98.1 million. During the month equities performed well, with domestic equities returning 8.1% and international equities returning 4.1%. Plan investments returned a negative 2.9% for the month of August, which was in line with its blended benchmark which returned a negative 3.0%. International equities had the largest decline for the month, returning a negative 4.7%. In this group, the Templeton Institutional Foreign Smaller Companies fund had the biggest loss returning a negative 6.5%.

Mr. Rowllins also presented an asset allocation analysis of the investment portfolio that Fiducient Advisors had prepared. The analysis provided a ten- and twenty-year outlook on return assumptions. Based on the analysis Fiducient was proposing that the target allocations be changed to:

	Current Allocation	Target Allocation
Fixed Income	35%	43%
Equity	58%	50%
Real Estate	7%	7%

Further, Fiducient was proposing to reduce the equity exposure by reducing the international equity allocation and reallocating it to domestic fixed income. Specifically, the Templeton Foreign Small Companies and Aberdeen Emerging Markets Funds would be closed, and their assets moved to domestic fixed income. The international exposure would be consolidated in the Hartford International Opportunities and the American Funds EuroPacific Funds.

Fiducient felt that this strategy would reduce portfolio volatility and align the portfolio more closely with the Plan’s discount rate. In addition, the proposed international allocation would better align with the weighting of the global opportunity profile.

The Board members discussed the recommendations at length. After discussion, a motion was made by Mr. Brochu to change the target allocations of the investment portfolio to:

Fixed Income	39.3%
Domestic Equity	37.2%
International Equity	16.5%
Real Estate	7.0%

And that the Templeton Small Companies and the Aberdeen Emerging Markets funds be closed, and the balances moved to the other asset classes. Mr. Egan seconded the motion, and it was approved unanimously. Mr. Rowlin suggested that the transition take place in phases over two months. The Board members agreed to this suggestion but also asked that the first movement of funds favor the domestic equity asset class.

There being no further business, Mr. Porter made a motion to adjourn the meeting. The motion was seconded by Mr. Huelin and approved. The meeting was adjourned at 5:25 p.m.

Respectfully submitted,

Joseph Swetcky, Jr.
Director of Finance

Approved by the Farmington Retirement Board on December 7, 2022