

**DRAFT SUBJECT TO REVIEW AND APPROVAL
MINUTES OF THE TOWN OF FARMINGTON RETIREMENT BOARD MEETING
HELD ON OCTOBER 4, 2023**

PRESENT:

Board Members:

Keith Vibert
Art Marques
Bruce Polsky
Steve Egan
Geoffrey Porter
Joan Valenti
Bob Brochu
Chris Jesudowich

Other:

Christopher Rowlins
Joseph Swetcky

CALL TO ORDER:

The meeting was called to order at 4:30 p.m. by Mr. Vibert.

REVIEW AND ACTION ON THE MINUTES OF THE MEETING OF JUNE 15, 2023

Mr. Polsky moved to approve the minutes of the Retirement Board meeting of June 15, 2023, as presented. Ms. Valenti seconded the motion. There was no discussion. The minutes were approved as presented.

INVESTMENT PERFORMANCE REVIEW

Mr. Rowlins presented the investment results for the quarter ended June 30, 2023. He mentioned that under the Fiducient Guidance Calendar during this quarter the Investment Policy Statement should be reviewed. He felt that other than Appendix A, the existing IPS, which was adopted in August of 2015 and reaffirmed in May 2019 and again in August 2020, was appropriate. Appendix A, which is the Target Asset Allocation Table, needed to be updated to reflect the asset allocation changes made by the Board at their September 2022 meeting.

Mr. Polsky raised the issue of including language in the IPS on environmental, social and governance investing (ESG). After discussion it was the consensus of the Board not to include language on ESG in the IPS. There were also questions regarding the minimum and maximum target weights contained in appendix A which Mr. Rowlins addressed. At the conclusion of the discussion, Ms. Valenti made a motion to adopt the IPS as presented. Mr. Polsky seconded the motion, and it was approved unanimously.

Mr. Rowlins then presented the investment performance for the quarter ended June 30, 2023, and year to date. He noted that on June 30th the total portfolio was \$96,692,226. By asset allocation the composition was:

Fixed Income	37.1%
Domestic Equity	37.8%
International Equity	16.0%
Real Estate	7.3%

For the quarter the portfolio returned 2.2% versus its benchmark which returned 2.6%. Year to date the return was 5.9% while the benchmark returned 7.0%. Fiducient staff did not have any recommendations for changes to managers.

On an asset class basis, fixed income outperformed its benchmark returning -0.3% while the benchmark had a loss of -0.8%. Fiducient staff felt the fixed income portfolio was in a good position based on yield and credit rating. Mr. Rowlins thought that maybe some tweaks could be made to the duration in the future.

The domestic equity portfolio underperformed its benchmark for the quarter, returning 6.4% versus 8.4% and year to date 10.5% versus 16.2%. The Eaton Vance Atlanta Capital SMID fund was the big underperformer returning 4% for the quarter (benchmark 6.4%) and 5.0% year to date (benchmark 13.4%). Mr. Rowlins noted that despite the recent underperformance, since its placement in the portfolio, Eaton Vance has outperformed its benchmark.

The international equity portfolio matched its benchmark on a quarterly basis (2.4%) and outperformed its benchmark year to date (10.6% versus 9.5%). The American funds EuroPacific Growth fund performed exceptionally well year to date outperforming its benchmark (12.2% to 9.5%).

The real estate portfolio has not been performing well and underperformed its benchmark on a quarterly, year-to-date, and one-year basis. Approximately 20% of the real estate portfolio is in office space which has not been doing well since the onset of the COVID 19 pandemic. In response to a question, Mr. Rowlins described the process for withdrawing funds from the real estate fund. He indicated that because of limitations on how much can be withdrawn at any time and the requirement to join a queue, it could be a lengthy process.

At the end of July 2023, the portfolio stood at \$103,291,652. This amount included the annual employer contribution of \$5.4 million. For the month the portfolio returned 1.9%, which was consistent with its benchmark. The fixed income allocation outperformed its benchmark; domestic equities matched its benchmark; and international equity underperformed its benchmark.

As of August 31st, 2023, the portfolio totaled \$100,851,383. The investments returned a -1.6% for the month, which was slightly better than the performance of the blended benchmark (-1.8%). All three asset classes returned negative results with international equities performing the worst at -4.7% for the month. Year to date international equities were down by almost 2.0%. Mr. Rowlins noted that for the month, the Eaton Vance Atlanta Capital SMID fund performed well, returning a negative 1.9% versus its benchmark which returned a negative 4.1%. Year to

date the fund was up 1.8%, which was the best performance of any fund in the portfolio during that period.

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

Respectfully submitted,

Joseph Swetcky, Jr.

Joseph Swetcky, Jr.
Director of Finance

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