

**MINUTES OF THE TOWN OF FARMINGTON RETIREMENT BOARD MEETING
HELD ON JUNE 4, 2020**

PRESENT:

Board Members

Peter Mastrobattista
Michael Ziebka
Robert Brochu
Joan Valenti
Robert Ingvertsen
Kyle Cunningham
Joshua Allen

Other:

Christopher Rowllins
Joseph Swetcky
Anna Savastano

NOTE: This meeting was held online through ZOOM.

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 DECEMBER 5, 2019

Mr. Allen moved to approve the minutes of the Retirement Board meeting of December 5, 2019. Mr. Brochu seconded the motion, and the minutes were approved as presented with Mr. Ziebka abstaining since he was not a member of the Retirement Board at that time.

**INVESTMENT PERFORMANCE REVIEW AND POSSIBLE ACTION ON RECOMMENDATIONS:
QUARTER ENDED MARCH 31, 2020**

Mr. Rowllins presented the investment performance results for the quarter ending March 31, 2020. He began his presentation by noting that Fiduciary Investment Advisors, LLC merged with the firm of DiMeo, Schneider & Associates, LLC on April 1, 2020. He explained the benefits of the merger and the plans going forward to integrate the two firms. Mr. Rowllins discussed the Fiduciary Governance Calendar which focuses on fees in the first quarter. He noted that under the current target allocation the weighted average investment management fee is .45%, and FIA's fee is currently \$55,311. Finally, he updated the Board on the progress of the sale of Wells Fargo's Institutional and Retirement Trust Services to Principal Financial Group. Wells Fargo is the pension plan's custodian. The current schedule is to integrate systems in the spring of 2020 and migrate client assets in late 2021. Principal has agreed to continue the current fee schedules in place at Wells Fargo and to accept all existing contracts.

As of March 31, 2020, Plan Assets were \$82,060,742 a decrease of \$15,137,010. The COVID-19 pandemic and its impact on the world's economy drove all markets down during February and March. For the quarter Plan investments returned -14.1 % versus the Plan's blended benchmark which returned -12.0%. Almost all asset classes were in negative territory as fixed income returned -0.1%; domestic equity returned -23.6%; and international equity returned -24.9%. Real estate was the only asset class that had a positive return at +1.2%.

Mr. Rowlins noted that as the Federal government and Federal Reserve began to take actions to stabilize the economy the investment markets returned to the positive. Plan investments began to recover during April 2020 returning 6.7% for the month which was comparable to the blended benchmark which returned +6.9%. Fixed income +2.0%; Domestic equity +13.3%; and International Equity +9.0% had positive returns for the month. On April 30, 2020 Plan Assets were \$86,987,904, an increase of \$4.9 million.

Finally, Mr. Rowlins presented performance results for the month of May 2020. He noted that May was also a good month for Plan investments as they returned 3.45%, while the Plan's blended benchmark returned 2.7%. The fixed income portfolio returned 1% for May which was .6% better than its benchmark. International equity also had a strong month returning 6% versus its benchmark which returned 3.3%. Domestic equity investments slightly underperformed their benchmark returning 5.1% versus 5.3%. The performance of the Eaton Vance Atlanta Capital SMID fund (7.3% versus 10.4%) held back this category.

Ms. Valenti questioned why the Plan's investment performance lagged behind its benchmark year over year. Mr. Rowlins suggested that the Plan's exposure to the GMO Asset Allocation fund was a drag on the portfolio during 2019. The Retirement Board voted to drop GMO from the portfolio late in 2019 due to performance. Mr. Brochu questioned whether the portfolio was overweighed in value funds and underweighted in growth funds. Mr. Rowlins thought this was possible since the Plan investments had a significant position in the GMO fund which has a value bias. Under further questioning Mr. Rowlins indicated that FIA did not have any recommendations for change to the asset allocation at this time. Mr. Rowlins left the meeting at 5:20 pm.

A brief discussion was held regarding FIA and their recent performance. Specifically, concerned was raised that the one, three, and five-year investment return numbers were disappointing. A concern was also raised that a significant portion of the Plan assets were in index funds and not in actively managed funds. Finally, some members voiced concern over FIA's merger with DiMeo Schneider & Associates, LLC. The Board expressed a desire to have FIA return to the next meeting with some proposed changes to the portfolio in order to improve return performance.

There being no further business, Ms. Valenti made a motion to adjourn the meeting. The motion was seconded by Mr. Brochu and approved. The meeting adjourned at 5:35 p.m.

Respectfully submitted,

Joseph Swetcky, Jr.
Director of Finance