

A regular meeting of the Retirement Board was held at Town Hall, Wednesday September 27, 2017 at 3:00PM.

Members present: Steve Swanson, Fifth Member; Cory Grace Ex-Officio Member; Joe Collins, Elected Member; Mike Hagan, Elected Member (in Wayne Marquis absences the DRB chose Mike Hagan Chairman for the 9/27 meeting).

Others present: Travis Ahern (Administrator); Susan Little (Staff); Cliff White (Consultant).

The Board meeting is being recorded with a digital audio recorder.

Mike read agenda item: Minutes of the August 30, 2017 meeting to be accepted and signed. Mike asked the Board if everyone has had a chance to review the minutes. Mike asked if anyone would like to make a motion to accept the Minutes. **(Vote: Joe Collins motioned with Steve Swanson seconding and the Board unanimously approving).**

The Board unanimously approved the July 2017 Cashbooks **(Vote: Steve Swanson motioned with Cory Grace seconding and the Board unanimously approving).**

The bills payable and payroll warrants were unanimously accepted and signed. **(Vote: Joe Collins motioned with Cory Grace seconding and the Board unanimously approving).**

September Payroll 09292017	\$1,014,967.73
September Expenses 0917	\$ 134,421.73

Purchases were unanimously accepted **(Vote: Cory Grace motioned with Steve Swanson seconding and the Board unanimously approving).**

Sales were unanimously accepted **(Vote: Cory Grace motioned with Steve Swanson seconding and the Board unanimously approving).**

SECURITIES PURCHASED:

Twin Capital September

350 Lowes Cos Inc Com

BMO August

<u>3416</u>	<u>Allscripts Healthcare Solutions Inc</u>	<u>673</u>	<u>Orthofix International NV</u>
<u>649</u>	<u>Bancorpsouth Inc</u>	<u>1336</u>	<u>Pattern Energy Group Inc</u>
<u>355</u>	<u>Banner Corporation</u>	<u>865</u>	<u>Peapack Gladstone Finl Corp</u>
<u>402</u>	<u>Benchmark Electronics Inc</u>	<u>1934</u>	<u>Pebblebrook Hotel Trust</u>
<u>119</u>	<u>Cooper-Standard Holdings Inc</u>	<u>1533</u>	<u>Penn National Gaming Inc</u>
<u>393</u>	<u>Deckers Outdoor Corp</u>	<u>249</u>	<u>Progress Software Corp</u>
<u>856</u>	<u>Diodes Inc</u>	<u>1105</u>	<u>Renewable Energy Group Inc</u>
<u>2627</u>	<u>Exterran Corp</u>	<u>749</u>	<u>S & T Bancorp Inc</u>
<u>668</u>	<u>First Industrial Realty Trust</u>	<u>403</u>	<u>Safety Insurance Group Inc</u>
<u>1864</u>	<u>Gray Television Inc</u>	<u>392</u>	<u>Stifel Financial Corp</u>
<u>1472</u>	<u>Herman Miller Inc</u>	<u>1952</u>	<u>TIER REIT Inc</u>
<u>461</u>	<u>Hyster-Yale Materials</u>	<u>1040</u>	<u>TrueBlue Inc</u>
<u>1688</u>	<u>Integer Holdings Corp</u>	<u>910</u>	<u>UMPQUA Holdings Corp</u>
<u>498</u>	<u>Luminex Corp</u>	<u>499</u>	<u>United Community Banks/GA</u>

<u>444</u>	<u>Mack-Cali Realty Corp</u>	<u>1400</u>	<u>Wabash National Corp</u>
<u>2753</u>	<u>MNMI Holdings Inc-Class A</u>		

Hillswick August

<u>138000</u>	<u>Federal Farm Credit Bank 2.900%</u>	<u>47000</u>	<u>US Treasury 4.500%</u>
<u>131000</u>	<u>Medtronic Inc 3.500%</u>		

Hillswick July

<u>130000</u>	<u>Sysco Corporation 3.250%</u>	<u>385000</u>	<u>US Treasury 4.500% (08/15/39)</u>
<u>554000</u>	<u>US Treasury .875% (07/31/19)</u>	<u>504000</u>	<u>US Treasury 1.625% (08/15/22)</u>
<u>667000</u>	<u>US Treasury 1.625% (10/31/23)</u>	<u>174000</u>	<u>Wells Fargo Sr Unsecured 3.550%</u>
<u>571000</u>	<u>US Treasury 1.625% (02/15/26)</u>		

Hillswick June

<u>146000</u>	<u>Amazon.com Inc</u>	<u>80000</u>	<u>Pepsi Bottling Group Inc</u>
<u>129000</u>	<u>Bank of America Corp</u>	<u>125000</u>	<u>Tenn Valley Auth CPN Strip</u>
<u>105000</u>	<u>JP Morgan Chase & Co</u>	<u>197000</u>	<u>US Treasury 2.250% (11/15/24)</u>
<u>130231.8</u>	<u>John Sevier Comb Cycle (TVA sf 8/32)</u>	<u>242000</u>	<u>US Treasury 1.625% (10/31/23)</u>
<u>149000</u>	<u>Microsoft Corp</u>	<u>98000</u>	<u>US Treasury 1.625% (08/15/22)</u>
<u>110000</u>	<u>Occidental Petroleum Corp</u>	<u>115000</u>	<u>US Treasury .0875% (01/15/18)</u>
		<u>95000</u>	<u>Verizon Communications</u>

SECURITIES SOLD:

Twin September

<u>540</u>	<u>Axis Capital Holdings</u>
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BMO August

<u>1165</u>	<u>Amerisafe Inc</u>	<u>2237</u>	<u>Interface Inc</u>
<u>9153</u>	<u>Amkor Technology Inc</u>	<u>5349</u>	<u>Investors Bancorp Inc</u>
<u>3355</u>	<u>Barnes & Noble Education Inc</u>	<u>1446</u>	<u>Molina Healthcare Inc</u>
<u>343</u>	<u>Brink's Co</u>	<u>1663</u>	<u>Myr Group Inc</u>
<u>518</u>	<u>Chart Industries Inc</u>	<u>2078</u>	<u>Pharmerica Corp</u>
<u>1782</u>	<u>Del Frisco's Restaurant Group</u>	<u>5410</u>	<u>RLJ Lodging Trust</u>
<u>5476</u>	<u>DHI Group Inc</u>	<u>404</u>	<u>Rush Enterprises Inc-CI A</u>
<u>1,441</u>	<u>Enterprise Financial Service</u>	<u>1557</u>	<u>Sanmina Corp</u>
<u>377</u>	<u>Global Brass & Copper Holdings</u>	<u>206</u>	<u>Selective Insurance</u>
<u>1296</u>	<u>Insight Enterprises Inc</u>		

Hillswick August

<u>83.15</u>	<u>CHMRV 1997-A B Chase Manhattan RV Owner Trust</u>	<u>105000</u>	<u>US Treasury 4.500% (08/15/39)</u>
<u>145000</u>	<u>US Treasury 1.625% (02/15/26)</u>		

Hillswick July

	<u>Comm 2015-CR27 B Comm</u>		
<u>20000</u>	<u>Mortgage Trust</u>	<u>255000</u>	<u>US Treasury 1.375% (12/15/19)</u>
<u>235000</u>	<u>US Treasury 2.875% (11/15/46)</u>	<u>179000</u>	<u>US Treasury 2.250% (11/15/2024)</u>
<u>219000</u>	<u>US Treasury 2.750% (11/15/42)</u>	<u>136000</u>	<u>US Treasury 1.625% (02/15/26)</u>

Hillswick June

	<u>Carmax 2016-3B Auto Owner</u>		
<u>75000</u>	<u>Trust</u>	<u>161000</u>	<u>US Treasury 1.625% (10/31/23)</u>
	<u>Comm 2013-CR11 B Comm Mtge</u>		
<u>25000</u>	<u>Trust</u>	<u>443000</u>	<u>US Treasury 2.250% (02/15/27)</u>
	<u>Federal Home Loan Mtge Corp</u>		
<u>214736.42</u>	<u>Pool G07106</u>	<u>263000</u>	<u>US Treasury 2.250% (11/15/24)</u>
<u>206577.11</u>	<u>FNMA Pool AR4198</u>	<u>36000</u>	<u>US Treasury 2.750% (11/15/42)</u>
	<u>UBS Commercial Mortgage 2012-</u>		
<u>20000</u>	<u>C1 B</u>	<u>114000</u>	<u>US Treasury 2.875% (11/15/46)</u>
<u>196000</u>	<u>US Treasury .0875% (01/15/18)</u>	<u>70000</u>	<u>WFRBS 2012-C7 B Commercial Mtge Trust</u>
<u>130000</u>	<u>US Treasury 1.375% (01/15/20)</u>	<u>15000</u>	<u>WFRBS 2013-C15 B Commercial Mtge Trust</u>
<u>145000</u>	<u>US Treasury 1.375% (12/15/19)</u>	<u>90000</u>	<u>WFRBS 2014-C21 AS Commercial Mtge Trust</u>

Andrew Wellington, CIO and Gary Faccenda Managing Director of Lyrical Asset Management updated the Board on portfolio performance. Gary reviewed Lyrical's philosophy and investment strategy. He explained they invest in approximately 33 large and mid-cap companies that are selected from the top 1,000. They look for companies that are deeply undervalued and are also quality businesses. He advised they are a pure bottom up strategy. He explained their philosophy is to accumulate wealth for the future with a goal of a +5 – 10% return overtime. Cliff asked how far they anticipate going before they close the fund to new money? Gary answered they are looking at a cap of \$20 to \$25 Billion. Andrew reviewed the holding within the fund. Travis commented they seem to hold a lot of .com companies. Andrew explained they look for good values. They hold 33 stocks made up of 27 different industries. Those 27 industries can hold three stocks, providing for diversification to reduce volatility. Steve asked how often the names change? Andrew explained approximately four names move in/out in a year. Steve asked if there was any magic to 33 being the number of stocks owned. Andrew said 30 would be the optimal number but the 33 number goes back to the original fund being equally weighted. He explained they feel they are very excited with what they see as Lyrical being well positioned. The Board thanked them for their time and efforts.

The Board unanimously approved the membership of **Georgiann Bonaventura**, Teacher Aide with Riverside School, start date 9/5/2017 (new position); **Anne Ezepek**, Teacher Aide with HRMS, start date 9/5/2017 (N/A); **Tammy Brooks**, Teacher Aide with Highland School, start date 9/5/2017 (replaces Denise Halloran); **Tracy Crocker**, Teacher Aide with Riverside School, start date 9/5/2017 (changed to full-time); **Kylie Homem**, Teacher Aide with DHS, start date 9/5/2017 (replaces Dillion McTiernan); **Sara Duzz**, Teacher Aide with Highlands School, start date 9/5/2017 (N/A); **Brian Trefry**, Teacher Aide with Riverside School, start date 9/5/2017 (replaces Shawna Hasty); **Dominique Masse**, Teacher Aide with Riverside School, start date 9/5/2017 (replaces Chelsie Boudreau); **Mark Servello**, Teacher Aide with Riverside School, start date 9/5/2017 (replaces Casey Mucci); **Katie Marie Sullivan**, Teacher Aide with DHS, start date 9/5/2017 (replaces Jordan Ciaramitaro); **Grace Campbell**, Teacher Aide with DHS, start date 9/5/2017 (replaces Josh Guerin); **Krystal Firicano**, Teacher Aide with HRMS (all year), start date 10/2/2017 (replaces Dan Byrne) (**Vote: Joe Collins motioned with Cory Grace seconding and the Board unanimously approving**).

The Board noted with sympathy the passing of **Christ J. Bouras**, retired Police Chief, died 9/13/2017; Retiree Jack Schmidgall's wife **Kathleen Schmidgall**, died 9/4/2017 – "pop up" to Opt A.

The Board unanimously approved the transfer of **Craig Lebrun**, transfer to State Retirement Board, 10 yrs., 10 months C/S (10 yrs. 6 months Danvers liability) totaling \$81,276.48; **Darlene Edelstein**, transfer to Chelsea Retirement Board, 5 yrs., 6 months C/S (7 months Danvers liability), totaling \$10,353.21; **Olivia DiGiammarino**, transfer to Swampscott Retirement Board, 2 yrs. 9 months, totaling \$6,550.74; **McKayla Catto**, transfer to MTRS, 9 months C/S, totaling \$1,408.72 **(Vote: Steve Swanson motioned with Cory Grace seconding and the Board unanimously approving).**

Approvals received from PERAC: **Lynne Horn**

The Board unanimously approved the refund of **Ann Freedman**, direct rollover to National Grand Bank of Marblehead, \$8,217.74 (4 yrs. 9 months C/S **(Vote: Joe Collins motioned with Steve Swanson seconding and the Board unanimously approving).**

Travis Ahern, Administrator/Finance Director reviewed PERAC Memo's and other items of interest. Travis reviewed PERAC Memo #29,2017 (Vendor Disclosures) and the Open Meeting Law (each Board Member acknowledged receipt by signing their annual affidavit).

Cliff White of Morgan Stanley/Graystone updated the Board on portfolio performance. Cliff explained, as of August 31, 2017 the YTD results are +10.19% versus the Strategic Benchmark of +9.10%. He explained the System is in compliance with the Investment Policy. Cliff advised the Danvers exposure to International Equities, especially PRIT Emerging Mkts., is paying off with the PRIT Emerging Mkts. YTD results at +31.28% vs the Strategic Benchmark of +29.29%. Cliff advised currently he is not recommending any changes to the investment portfolio.

Meeting Adjourned: 3:50 **(Cory Grace motioned with Steve Swanson seconding and Board unanimously approving)**

NEXT MEETING: October 25, 2017

Joseph Collins, Elected Member

Michael Hagan, Elected Member

Did not attend

Corinna Grace, Ex-Officio Member

Wayne P. Marquis, Chairman

Stephen Swanson, Fifth Member