

A regular meeting of the Retirement Board was held at Town Hall, Wednesday January 31, 2018 at 3:00PM.

Members present: Wayne Marquis, Appointed Member/Chairman; Steve Swanson, Fifth Member; Joe Collins, Elected Member; Mike Hagan, Elected.

Others present: Travis Ahern (Finance Director); Susan Little (Staff); Cliff White; Isabelle Eckel (Investment Consultants).

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

Wayne read agenda item: Minutes of the January 10, 2018 meeting to be accepted and signed. Wayne asked the Board if everyone has had a chance to review the minutes. Wayne asked if anyone would like to make a motion to accept the Minutes. **(Vote: Steve Swanson motioned with Joe Collins seconding and the Board unanimously approving).**

The Board unanimously approved the November 2017 and December 2017 (pre-close) Cashbooks **(Vote: Joe Collins motioned with Steve Swanson seconding and the Board unanimously approving).**

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

January Payroll 01312018	\$ 975,962.26
January Expenses 0118	\$ 426,635.16

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

Sales were unanimously accepted **(Vote: Mike Hagan motioned with Joe Collins seconding and the Board unanimously approving).**

SECURITIES PURCHASED:

BMO January

<u>1542</u>	<u>Comtech Telecommunications Corp</u>	<u>325</u>	<u>W&T Offshore Inc</u>
<u>133</u>	<u>ICF International Inc</u>		

Lyrical January

<u>3178</u>	<u>Adient PLC</u>	<u>496</u>	<u>HCA Healthcare Inc</u>
<u>402</u>	<u>AECOM</u>	<u>220</u>	<u>Hertz Global Holdings Inc</u>
<u>410</u>	<u>Aercap Holdings NV</u>	<u>1139</u>	<u>Johnson Controls International</u>
<u>146</u>	<u>Affiliated Managers Group Inc</u>	<u>1314</u>	<u>Liberty Interactive Corp QVC G</u>
<u>503</u>	<u>Aflac Inc</u>	<u>532</u>	<u>Lincoln National Corp</u>
<u>247</u>	<u>Ameriprise Financial Inc</u>	<u>275</u>	<u>Microsemi Corp</u>
<u>179</u>	<u>Anthem Inc</u>	<u>944</u>	<u>National Oilwell Varco Inc</u>
<u>494</u>	<u>Arris International Plc</u>	<u>304</u>	<u>NCR Corp</u>
<u>152</u>	<u>Assurant Inc</u>	<u>431</u>	<u>Owens-Illinois Inc</u>
<u>216</u>	<u>Avis Budget Group Inc</u>	<u>1175</u>	<u>Suncor Energy Inc</u>

<u>166</u>	<u>Broadcom Ltd</u>	<u>570</u>	<u>Tech Data Corp</u>
<u>351</u>	<u>Celanese Corp</u>	<u>131</u>	<u>Tenneco Inc</u>
<u>506</u>	<u>Commscope Holding Co Inc</u>	<u>515</u>	<u>Western Digital Corp</u>
<u>1275</u>	<u>Corning Inc</u>	<u>1152</u>	<u>Western Union Co</u>
<u>391</u>	<u>EOG Resources Inc</u>	<u>190</u>	<u>Whirlpool Corp</u>
<u>1302</u>	<u>Flex Ltd</u>	<u>288</u>	<u>Willis Towers Watson Plc</u>
<u>620</u>	<u>Goodyear Tire & Rubber Co</u>		

Hillswick January

671,000 US Treasury Note 1.5% 08/31/2018

Twin January

<u>120</u>	<u>Berkshire Hathaway Inc</u>	<u>100</u>	<u>VF Corp</u>
<u>40</u>	<u>Boeing Co</u>	<u>310</u>	<u>Vertex Pharmaceuticals Inc</u>
<u>270</u>	<u>Caterpillar Inc</u>	<u>550</u>	<u>Western Digital Corp</u>
<u>430</u>	<u>ConocoPhillips</u>	<u>350</u>	<u>Westlake Chemical Corp</u>
<u>310</u>	<u>Lowe's Cos Inc</u>		

SECURITIES SOLD:

BMO January

<u>153</u>	<u>1st Source Corp</u>	<u>651</u>	<u>Iridium Communications Inc</u>
<u>136</u>	<u>A Schulman Inc</u>	<u>260</u>	<u>K12 Inc</u>
<u>952</u>	<u>ACCO Brands Corp</u>	<u>144</u>	<u>Kaiser Aluminum Corp</u>
<u>617</u>	<u>Aircastle Ltd</u>	<u>603</u>	<u>KB Home</u>
<u>747</u>	<u>Allscripts Healthcare Solution</u>	<u>313</u>	<u>Kimball International Inc</u>
<u>568</u>	<u>American Equity Investments Life Ins.</u>	<u>143</u>	<u>KLX Inc</u>
<u>174</u>	<u>Analogic Corp</u>	<u>285</u>	<u>Koppers Holdings Inc</u>
<u>293</u>	<u>Angiodynamics Inc</u>	<u>228</u>	<u>Korn/Ferry International</u>
<u>464</u>	<u>ArcBest Corp</u>	<u>316</u>	<u>Kraton Corp</u>
<u>617</u>	<u>Archrock Inc</u>	<u>477</u>	<u>Louisiana-Pacific Corp</u>
<u>255</u>	<u>Argo Group International Holdings</u>	<u>742</u>	<u>Mack-Cali Realty Corp</u>
<u>142</u>	<u>Bancfirst Corp</u>	<u>337</u>	<u>Marten Transport Ltd</u>
<u>531</u>	<u>Bancorpsouth Bank</u>	<u>470</u>	<u>Matrix Service Co</u>
<u>58</u>	<u>Bank of Marin Bancorp</u>	<u>247</u>	<u>Merit Medical Systems Inc</u>

<u>288</u>	<u>Banner Corp</u>	<u>158</u>	<u>Mineral Technologies Inc</u>
<u>460</u>	<u>Benchmark Electronics Inc</u>	<u>187</u>	<u>Moog Inc</u>
<u>727</u>	<u>Bill Barret Corp</u>	<u>425</u>	<u>Myriad Genetics Inc</u>
<u>81</u>	<u>Black Hills Corp</u>	<u>214</u>	<u>Natus Medical Inc</u>
<u>446</u>	<u>Boise Cascade Co</u>	<u>166</u>	<u>Nelnet Inc</u>
<u>121</u>	<u>Brink's Co</u>	<u>1167</u>	<u>Newpark Resources Inc</u>
<u>618</u>	<u>Callon Petroleum Co</u>	<u>942</u>	<u>NMI Holdings Inc</u>
<u>175</u>	<u>Carrizo Oil & Gas Inc</u>	<u>295</u>	<u>Northwestern Corp</u>
<u>453</u>	<u>Cathay General Bancorp</u>	<u>262</u>	<u>Orthofix International NV</u>
<u>420</u>	<u>Central Pacific Financial Corp</u>	<u>1250</u>	<u>Pacific Ethanol Inc</u>
<u>827</u>	<u>CNO Financial Group Inc</u>	<u>171</u>	<u>PDC Energy Inc</u>
<u>436</u>	<u>Cohu Inc</u>	<u>2123</u>	<u>PDL Biopharma Inc</u>
<u>173</u>	<u>Columbus McKinnon Corp/NY</u>	<u>118</u>	<u>Peapack Gladstone Financial Co</u>
<u>230</u>	<u>Comtech Telecommunications Corp</u>	<u>466</u>	<u>Pebblebrook Hotel Trust</u>
<u>518</u>	<u>Convergys Corp</u>	<u>292</u>	<u>Penn National Gaming Inc</u>
<u>135</u>	<u>Cooper-Standard Holdings Inc</u>	<u>113</u>	<u>Peoples Bancorp Inc</u>
<u>282</u>	<u>Covenant Transportation Group</u>	<u>205</u>	<u>Perry Ellis International Inc</u>
<u>111</u>	<u>CSG Systems International Inc</u>	<u>334</u>	<u>Phibro Animal Health Corp</u>
<u>352</u>	<u>Customers Bancorp Inc</u>	<u>442</u>	<u>PNM Resources Inc</u>
<u>568</u>	<u>Dana Inc</u>	<u>423</u>	<u>Portland General Electric Co</u>
<u>883</u>	<u>Darling Ingredients Inc</u>	<u>787</u>	<u>Preferred Apartment Communities</u>
<u>217</u>	<u>DCT Industrial Trust Inc</u>	<u>205</u>	<u>Preferred Bank/Los Angeles CA</u>
<u>704</u>	<u>Dean Foods Co</u>	<u>361</u>	<u>Progress Software Corp</u>
<u>167</u>	<u>Deckers Outdoor Corp</u>	<u>365</u>	<u>Renewable Energy Group Inc</u>
<u>433</u>	<u>Diodes Inc</u>	<u>681</u>	<u>Rowan Cos Plc</u>
<u>325</u>	<u>DSW Inc</u>	<u>981</u>	<u>RPX Corp</u>
<u>303</u>	<u>El Paso Electric</u>	<u>140</u>	<u>RSP Permian Inc</u>
<u>202</u>	<u>Emcor Group Inc</u>	<u>363</u>	<u>Rudolph Technologies Inc</u>
<u>252</u>	<u>Emergent Biosolutions Inc</u>	<u>309</u>	<u>Rush Enterprises Inc</u>
<u>235</u>	<u>Employers Holdings Inc</u>	<u>191</u>	<u>S&T Bancorp Inc</u>
<u>206</u>	<u>Enanta Pharmaceuticals Inc</u>	<u>113</u>	<u>Safety Insurance Group Inc</u>
<u>120</u>	<u>Enpro Industries Inc</u>	<u>235</u>	<u>Sandy Spring Bancorp Inc</u>
<u>447</u>	<u>Entegris Inc</u>	<u>78</u>	<u>Saul Centers Inc</u>
<u>970</u>	<u>Express Inc</u>	<u>107</u>	<u>Selective Insurance Group Inc</u>

<u>357</u>	<u>Exterran Corp</u>	<u>239</u>	<u>Southwest Gas Holdings Inc</u>
<u>229</u>	<u>Fidelity Southern Corp</u>	<u>451</u>	<u>Stag Industrial Inc</u>
<u>149</u>	<u>Financial Institutions Inc</u>	<u>164</u>	<u>Stepan Co</u>
<u>78</u>	<u>First Defiance Financial Corp</u>	<u>128</u>	<u>Stifel Financial Corp</u>
<u>572</u>	<u>First Industrial Realty Trust</u>	<u>440</u>	<u>Stoneridge Inc</u>
<u>153</u>	<u>Franklin Financial Network Inc</u>	<u>449</u>	<u>Sucampo Pharmaceuticals Inc</u>
<u>151</u>	<u>Genesco Inc</u>	<u>715</u>	<u>Sunstone Hotel Investors Inc</u>
<u>180</u>	<u>Global Brass & Copper Holdings</u>	<u>189</u>	<u>Sykes Enterprises Inc</u>
<u>818</u>	<u>Gray Television Inc</u>	<u>401</u>	<u>Tailored Brands Inc</u>
<u>62</u>	<u>Great Southern Bancorp Inc</u>	<u>56</u>	<u>Tech Data Corp</u>
<u>398</u>	<u>Hanmi Financial Corp</u>	<u>1026</u>	<u>Travelport Worldwide Ltd</u>
<u>334</u>	<u>Hawaiian Holdings Inc</u>	<u>242</u>	<u>Trico Bancshares</u>
<u>229</u>	<u>Heartland Financial USA In</u>	<u>128</u>	<u>Trinseo SA</u>
<u>81</u>	<u>Helen of Troy Ltd</u>	<u>184</u>	<u>Triple-S Management Corp</u>
<u>350</u>	<u>Heritage Financial Corp</u>	<u>563</u>	<u>Trueblue Inc</u>
<u>371</u>	<u>Herman Miller Inc</u>	<u>899</u>	<u>Trustco Bank Corp NY</u>
<u>804</u>	<u>Hersha Hospitality Corp</u>	<u>1003</u>	<u>Umpqua Holdings Corp</u>
<u>541</u>	<u>Hibbett Sports Inc</u>	<u>620</u>	<u>United Community Banks Inc/GA</u>
<u>687</u>	<u>Hilltop Holdings Inc</u>	<u>300</u>	<u>US Silica Holdings Inc</u>
<u>186</u>	<u>Homestreet Inc</u>	<u>109</u>	<u>Virtusa Corp</u>
<u>87</u>	<u>Hyster-Yale Materials Handling</u>	<u>717</u>	<u>Vishay Intertechnology Inc</u>
<u>177</u>	<u>ICF International Inc</u>	<u>1772</u>	<u>W&T Offshore Inc</u>
<u>78</u>	<u>Idacorp Inc</u>	<u>278</u>	<u>Walker & Dunlo Inc</u>
<u>173</u>	<u>Independent Bank Corp/MI</u>	<u>521</u>	<u>Washington Federal Inc</u>
<u>456</u>	<u>Innovia Inc</u>	<u>227</u>	<u>Wintrust Financial Corp</u>
<u>314</u>	<u>Integer Holdings Inc</u>	<u>764</u>	<u>Xenia Hotels & Resorts Inc</u>
<u>410</u>	<u>International Bancshares Inc</u>	<u>243</u>	<u>XO Group Inc</u>

Lyrical January

<u>3372</u>	<u>Aetna Inc</u>	<u>6214</u>	<u>TE Connectivity Ltd</u>
-------------	------------------	-------------	----------------------------

Twin January

<u>550</u>	<u>Baker Hughes A GE Co</u>	<u>510</u>	<u>Mallinckrodt Plc</u>
<u>430</u>	<u>Dover Corp</u>	<u>660</u>	<u>Nucor Corp</u>
<u>240</u>	<u>Johnson & Johnson</u>	<u>250</u>	<u>Ulta Beauty Inc</u>

1250 Juniper Networks Inc

The Board unanimously approved the membership of **Lisa Crowley**, Human Resource Director, start date 1/8/2018 (replaces Kate Green) **(Vote: Steve Swanson motioned with Joe Collins seconding and the Board unanimously approving)**.

The Board noted with sympathy the passing of **Wilfred Vaillancourt**, retired Firefighter, died 1/18/2018

Approvals received from PERAC: **Katherine Day**.

Travis Ahern, Administrator/Finance Director reviewed PERAC Memo's and other items of interest. 1.) Travis explained the recent PERAC Memos have been the annual notifications to start the new year. 2.) He informed the Board all refunds of Travel stipend deductions have been completed. 3.) He updated the Board on the RFP for Actuarial Services.

Cliff White and Isabelle Eckel of Morgan Stanley/Graystone updated the Board on portfolio performance. Cliff explained, their tactical viewpoint. He recommends pulling back to a neutral weighting for US equities and Hedge Funds. An overweighting in Int'l Developed Equities, Emerging Mkts., Inflation-protected Fixed Income, and Private Equity. An underweighting in US Investment-Grade Fixed Income, Int'l Bonds, High Yield Bonds and Real Estate. Wayne asked if in 2018 we should expect a rollercoaster of performance. Cliff answered expect more volatility. Steve asked if we should get more defensive. Cliff said don't reach for the parachute but know where it is. Cliff explained there is a warning sign to watch. 50% of USA Corp. Bond Market is rated BBB and is at the risk of being labeled junk bond. The rating agencies missed the down grade in 2008 so they won't hesitate to down grade. Steve asked if the corporate tax rate change will influence the market. Cliff explained the tax rate change is baked into the stock market and bond ratings. Cliff explained the portfolio results as of December 31, 2017 were +16.57% versus the benchmark of +14.92.

Cliff and Isabelle discussed with the Board and Board approved pulling \$1MM from TWIN and \$1MM from BMO to invest \$2 MM in Hillswick and pulling \$2MM from cash to invest in PRIT Core Real Estate based on Cliff and Isabell's recommendation **(Vote: Joe Collins motioned with Steve Swanson seconding and the Board unanimously approving)**.

Board unanimously approved revising the BMO monthly draw from \$500K to \$250K **(Vote: Steve Swanson motioned with Joe Collins seconding and the Board unanimously approving)**.

Meeting Adjourned: 4PM **(Mike Hagan motioned with Steve Swanson seconding and Board unanimously approving)**

NEXT MEETING: February 28, 2018

Joseph Collins, Elected Member

Michael Hagan, Elected Member

Did not attend

Corinna Grace, Ex-Officio Member

Wayne P. Marquis, Chairman

Stephen Swanson, Fifth Member

