

A regular meeting of the Retirement Board was held at Town Hall, Wednesday February 28, 2018 at 3:00PM.

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

Others present: Travis Ahern (Administrator/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 31, 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: Joe Collins motioned with Steve Swanson seconding and the Board unanimously approving).**

The Board unanimously approved the **CY2017 Annual Statement (Vote: Cory Grace motioned with Mike Hagan 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).**

February Payroll 02282018	\$ 983,915.44
February Expenses	\$ 280,827.52

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

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

SECURITIES PURCHASED:

<u>BMO</u>			
6573	Abraxas Petroleum Corp	415	Johnson Outdoors Inc
2359	Bill Barrett Corp	218	Peapack Gladstone Financial Co
1745	Caesarstone Ltd	3760	Tetra Technologies Inc
911	Central Garden & Pet Co	786	Travelport Worldwide Ltd
271	Comtech Telecommunications Cor	50	Unifirst Corp/MA
496	Great Western Bancorp Inc	415	Watts Water Technologies Inc
3515	Investors Bancorp Inc		

<u>Hillswick</u>			
615000	US Treasury Note 2.250% 11/15/2024	435000	US Treasury Note 2.250% 02/15/2027
580000	US Treasury Note 1.625% 10/31/2023	447000	US Treasury Note 2.125% 08/31/2020
407000	US Treasury Note .0875% 07/31/2019		

SECURITIES SOLD:

<u>BMO</u>			
138	Argo Group International Holding	131	KLX Inc
38	Boise Cascade Co	350	PDC Energy Inc

533	Brink's Co	479	Pebblebrook Hotel Trust
1007	Convergys Corp	335	Preferred Bank/Los Angeles CA
2108	Express Inc	1690	Renewable Energy Group Inc
357	Helen of Troy Ltd	755	Sucampo Pharmaceuticals Inc
703	Heritage Financial Corp/WA		

Hillswick

418000 US Treasury Note 1.500% 08/31/2018

Twin February

130	Accenture PLC Class A Shares	400	Intel Corp Com
100	Adobe Sys Inc (Calif)	100	Intercontinental Exchange Inc
100	Aetna Inc	100	ITT Inc Common
50	Albemarle Corp	260	Johnson & Johnson Com USD 1
100	Alexion Pharmaceuticals Inc	300	JP Morgan Chase & Co
520	Ally Financial Inc	450	Kimco Realty Corporations Reits
20	Alphabet Inc Cap Stk Cl A	100	LAM Research Corp Com
20	Amazon.Com Inc	80	Lear Corporation Common
100	Amgen Inc	100	Liberty Broadband Corporation
570	Annaly Mortgage Mgmt. Inc	200	Liberty Media Corporation
100	Anthem Inc Common	200	Lincoln Natl Corp Unit ICom/IRT
390	Apple Inc	110	Lowes Cos Inc Com
300	Applied Materials Inc	100	LyonDellBasell Industries NV Class A Com
100	Arrow Electrs Inc	100	Manpowergroup Inc Common
870	AT&T Inc Com	560	Marathon Oil Corp Com
1500	Bank of America Corporation Com	100	Marathon Petroleum Corp
200	Baxter Intl Inc Com	100	Marriott Intl
100	Berkshire Hathaway Inc CIB New	300	Merck & Co Inc New Com
110	Boeing Company Common	100	Micron Technology Inc
200	Bristol Myers Squibb Co Com	750	Microsoft Corp Com
50	Celgene Corp Common Stock USD.01	170	Newmont Mining Corp New Com
200	CenturyLink Inc	430	News Corp
210	Chevron Corporation Common	110	Nike Inc Cl B
440	Chimera Investment Corporation New	100	Norfolk Southern Corp Com
490	Cisco Systems Inc	180	Nvidia Corporation Com
500	Citigroup Inc Com New	350	OGE Energy Corp
50	Citrix Systems Inc	170	Oracle Corp Com
600	Coco Cola Co Com	570	Paramount Group Inc
100	Cognizant Tech Solutions Corp Com	50	Paychex Inc
150	Colony NorthStar Inc	250	PepsiCo Inc Com

440	Comcast Corp Cl A New	700	Pfizer Inc Com
100	Concho Resources Inc Common	100	PNC Financial Services Group
230	ConocoPhillips Com	400	Procter & Gamble Com NPV
200	Corecivic Inc	300	Prologis Inc Common
100	Crown Castle Intl Corp Reit New	200	Pub Service Enterprise Group Inc Com
100	Cullenfrost Bankers Inc	200	Raymond James Financial Inc
90	CVS Health Corp Com	100	Raytheon Co
220	Darden Restaurants Inc-W/I	100	Regal Beloit
170	Domtar Corp Com New Com New	170	Robert Half Intl Inc Com
250	Dowdupont Inc Common	100	Schlumberger Ltd Com Com
108	DXC Technology Co Com	200	Smith (A.O.) Corp Cl B
200	East West Bancorp Inc Common	100	Snap-On Inc Com
150	Eaton Corp PLC	200	Southwest Airlines Co Com
100	Edison International	200	Starbucks Corporation Com
150	Electronic Arts Inc Com	150	State Street Corp Common Stock
130	Eli Lilly & Co Common Stock	210	Tapestry Inc Com
50	Everest RE Group Ltd	300	Teradyne Inc
50	Everlast Reinsurance Group Ltd	150	Time Warner Inc
250	Exelon Corporation Common	100	Toro Co
210	Expeditors Intl Wash Inc Com	200	Tupperware Corp
170	Express Scripts Holding Co	200	Tyson Foods Inc
300	Exxon Mobile Corp Com	150	United Health Group Inc Com
100	F5 Network Inc Com	50	United Techs Corp
210	Facebook Inc Class A Common	100	United Therapeutics Corp
650	FirstEnergy Corp Common	100	Valero Energy Corp New
130	FMC Corp Common Stock USD.1	300	Verizon Communications Com
100	Foot Locker Inc	100	VF Corp
50	Goldman Sachs Group Inc	100	Walgreens Boots Alliance Inc Com
900	General Electric Co	200	Walmart, Inc
300	General Motors Company Common	200	Walt Disney Co
350	Gentex Corp	100	Weingarten Realty Investors REIT
100	Gilead Sciences Inc Common	200	Wells Fargo & Co New
120	Henry (Jack) & Associates	100	Western Digital Corp
100	Home Depot Inc Com	100	Westlake Chemical Corp
430	Host Hotels & Resorts Inc Reit	110	XL Group Ltd New
50	IDEXX Laboratories Inc		

Sarah Duncan, Marketing and Jeff Kusmierz, Portfolio Manager of **Rhumblin** updated the Board on portfolio performance. Sarah reviewed the organization. She explained Wayne Owen is CEO. There are 22 employees with \$53.6 Billion in Assets under management. Jeff reviewed the portfolios. He explained Danvers holds investment positions in two index funds the Rhumblin Russell 1000 Growth Fund and the S&P 500 Fund. The Russell performance as of January 31, 2018 was +7.08% gross of fees. There are 27 investors with Danvers owning .24% of the fund. The S&P performance as of January 31, 2018 was +5.73% gross of fees. There are 15 investors with Danvers owning 1.39% of the fund. The Board thanked Sarah and Jeff for their time and they left the meeting.

The Board unanimously approved the following new members: **Yeimi Colon**, Assistant Town Accountant, start date 2/12/2018 (new position from restructuring) (**Vote: Joe Collins motioned with Mike Hagan seconding and the Board unanimously approving**).

The Board noted with sympathy the passing of **James Joseph Sadoway**, retired DPW Custodian, died 2/9/2018

The Board unanimously approved the following buyback: **Neil Ouellette** paid amount owed for CY17 excess earnings Of \$23.12 (**Vote: Joe Collins motioned with Steve Swanson seconding and the Board unanimously approving**).

The Board unanimously approved the following transfers: **Haverhill Retirement fbo Daniel Tomasz, 6.50 yrs. C/S (1.75 yrs. Danvers liability) totaling \$33,242.76** (**Vote: Joe Collins motioned with Steve Swanson seconding and the Board unanimously approving**).

The Board unanimously approved the following refund: **Kerri Brennan**, direct rollover totaling \$14,815.32, 1 yr. 11 months (**Vote: Steve Swanson motioned with Cory Grace seconding and the Board unanimously approving**).

Travis Ahern, Administrator/Finance Director reviewed PERAC Memo's and other items of interest. Travis explained the recent **PERAC Memo 12/18** regarding sick and vacation supplement to workers comp. will impact the DRS. He added we have been notified by PERAC to stop taking retirement deductions and have complied. We notified the two members receiving workers comp for a lengthy period of the potential impact. PERAC has explained they will be following up with more detail soon.

The Board reviewed and unanimously approved a firm to provide actuarial services. Travis reviewed the grading matrix with Board and advised the recommendation is to hire KMS. (**Vote: Joe Collins motioned with Mike Hagan seconding and the Board unanimously approving**).

Cliff White and Isabelle Eckel of Morgan Stanley/Graystone updated the Board on portfolio performance. Cliff explained, their 2018 Investment Themes. He explained there are five themes 1.) Don't expect a repeat of 2017 2.) Overweight equities; prefer International 3.) Beware growing late-cycle risks and rising volatility. Tilt towards value-style 4.) Play defense in fixed income given tight spreads and likely rising rates (with rates increasing favor short term) 5.) Stay diversified, but concentrate alpha with active management. Isabelle explained during the past 12 months, short and intermediate term rates have climber, but only modest or no change for longer bonds. She explained the danger is an inverted yield curve – last seen in year 2000. She added they are recommending an underweighting in high-yield. Cliff explained the portfolio results as of January 31, 2018 were +3.57% versus the benchmark of +3.02

Cliff and Isabelle discussed with the Board and Board approved reducing the HY Bond exposure and reallocating to the Core Bond manager. Keeping the overall Fixed Income exposure at 15%. **(Vote: Cory Grace motioned with Joe Collins seconding and the Board unanimously approving pulling 2% from Barings and increasing Hillswick by 2% based on Cliff's recommendation).**

Meeting Adjourned: 4PM **(Cory Grace motioned with Joe Collins seconding and Board unanimously approving)**

NEXT MEETING: April 25, 2018

Joseph Collins, Elected Member

Michael Hagan, Elected Member

Corinna Grace, Ex-Officio Member

Wayne P. Marquis, Chairman

Stephen Swanson, Fifth Member

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