

A regular meeting of the Retirement Board was held at Town Hall, Wednesday April 25, 2018 at 3PM.

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); Isabelle Eckel (Investment Consultants); Paul Todisco, PRIM.

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

Wayne read agenda item: Minutes of the March 28, 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 Mike Hagan seconding and the Board unanimously approving).**

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

April Payroll 04302018	\$ 991,488.22
April Expenses	\$ 75,014.81

Purchases were unanimously accepted **(Vote: Joe Collins motioned with Mike Hagan 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><b>BMO April</b></u>	
<u>594</u>	<u>American Assets Trust Inc</u>	<u>283</u>	<u>ICF International Inc</u>
<u>3168</u>	<u>American Axle &amp; Manufacturing</u>	<u>892</u>	<u>Investors Bancorp Inc</u>
<u>2383</u>	<u>Ashford Hospitality Trust Inc</u>	<u>388</u>	<u>La-Z-Boy</u>
<u>508</u>	<u>Black Hills Corp</u>	<u>1181</u>	<u>Meridian Bioscience Inc</u>
<u>135</u>	<u>CACI International Inc</u>	<u>397</u>	<u>PDC Energy Inc</u>
<u>1321</u>	<u>Chesapeake Lodging Trust</u>	<u>153</u>	<u>Rudolph Technologies Inc</u>
<u>180</u>	<u>Community Trust Bancorp Inc</u>	<u>703</u>	<u>SRC Energy Inc</u>
<u>495</u>	<u>Conmed Corp</u>	<u>443</u>	<u>Stifel Financial Corp</u>
<u>700</u>	<u>Delek US Holdings Inc</u>	<u>236</u>	<u>Sykes International Inc</u>
<u>1077</u>	<u>DSW Inc</u>	<u>586</u>	<u>TTM Technologies Inc</u>
<u>173</u>	<u>Great Western Bancorp Inc</u>	<u>226</u>	<u>Virtusa Corp</u>
<u>452</u>	<u>Hanmi Financial Corp</u>	<u>89</u>	<u>Watts Water Technologies Inc</u>
<u>506</u>	<u>Horace Mann Educators Corp</u>	<u>684</u>	<u>Xcerra Corp</u>
		<u><b>Hillswick April</b></u>	
<u>870</u>	<u>Brown &amp; Brown Inc</u>	<u>740</u>	<u>Hawaiian Electric Inds Inc</u>
<u>570</u>	<u>Cubesmart</u>		

**Lyrical April**

<u>26</u>	<u>Adient Plc</u>	<u>70</u>	<u>Goodyear Tire &amp; Rubber Co</u>
<u>46</u>	<u>AECOM</u>	<u>50</u>	<u>HCA Healthcare Inc</u>
<u>43</u>	<u>Aercap Holdings NV</u>	<u>22</u>	<u>Hertz Global Holdings Inc</u>
<u>16</u>	<u>Affiliated Managers Group Inc</u>	<u>140</u>	<u>Johnson Controls International</u>
<u>111</u>	<u>Aflac Inc</u>	<u>174</u>	<u>Liberty Interactive Corp QVC Group</u>
<u>33</u>	<u>Ameriprise Financial Inc</u>	<u>67</u>	<u>Lincoln National Corp</u>
<u>21</u>	<u>Anthem Inc</u>	<u>108</u>	<u>National Oilwell Varco Inc</u>
<u>52</u>	<u>Arris International Plc</u>	<u>38</u>	<u>NCR Corp</u>
<u>15</u>	<u>Assurant Inc</u>	<u>47</u>	<u>Owens-Illinois Inc</u>
<u>22</u>	<u>Avis Budget Group Inc</u>	<u>174</u>	<u>Qurate Retail Group Inc QVC Group</u>
<u>21</u>	<u>Broadcom Inc</u>	<u>134</u>	<u>Suncor Energy Inc</u>
<u>40</u>	<u>Celanese Corp</u>	<u>15</u>	<u>Tech Data Corp</u>
<u>56</u>	<u>Comscope Holding Co Inc</u>	<u>14</u>	<u>Tenneco Inc</u>
<u>177</u>	<u>Corning Inc</u>	<u>54</u>	<u>Western Digital Corp</u>
<u>38</u>	<u>Crown Holdings Inc</u>	<u>137</u>	<u>Western Union Co</u>
<u>46</u>	<u>EOG Resources Inc</u>	<u>21</u>	<u>Whirlpool Corp</u>
<u>169</u>	<u>Flex Ltd</u>	<u>32</u>	<u>Willis Towers Watson Plc</u>

**Twin April**

<u>1650</u>	<u>Brown &amp; Brown Inc</u>	<u>1090</u>	<u>National Instruments Inc</u>
<u>710</u>	<u>Cubesmart</u>	<u>710</u>	<u>Oracle Corp</u>
<u>360</u>	<u>Domtar Corp</u>	<u>970</u>	<u>Williams-Sonoma Inc</u>
<u>700</u>	<u>Hawaiian Electric Industries Inc</u>	<u>700</u>	<u>Zillow Group Inc</u>
<u>50</u>	<u>ITT Inc</u>		

## SECURITIES SOLD:

**BMO April**

<u>2489</u>	<u>Aircastle Ltd</u>	<u>2116</u>	<u>Mack-Cali Realty Corp</u>
<u>732</u>	<u>Analogic Corp</u>	<u>492</u>	<u>Marten Transport Ltd</u>
<u>2601</u>	<u>Archrock Inc</u>	<u>450</u>	<u>Progress Software Corp</u>
<u>862</u>	<u>Convergys Corp</u>	<u>1950</u>	<u>Sunstone Hotel Investors Inc</u>
<u>504</u>	<u>Enpro Industries Inc</u>	<u>232</u>	<u>Travelport Worldwide Ltd</u>
<u>3530</u>	<u>Essendant Inc</u>	<u>1247</u>	<u>Umpqua Holdings Corp</u>
<u>1271</u>	<u>Gray Television Inc</u>	<u>857</u>	<u>United Community Banks Inc/GA</u>
<u>328</u>	<u>Idacorp</u>	<u>599</u>	<u>Washington Federal Inc</u>

**BMO March**

<u>22</u>	<u>1st Source Corp</u>	<u>21</u>	<u>Kaiser Aluminum Corp</u>
<u>255</u>	<u>Abraxas Petroleum Corp</u>	<u>87</u>	<u>KB Home</u>
<u>137</u>	<u>ACCO Brands Corp</u>	<u>45</u>	<u>Kimball International Inc</u>

<u>89</u>	<u><a href="#">Aircastle Ltd</a></u>	<u>12</u>	<u><a href="#">KLX Inc</a></u>
<u>108</u>	<u><a href="#">Allscripts Healthcare Solution</a></u>	<u>41</u>	<u><a href="#">Koppers Holdings Inc</a></u>
<u>82</u>	<u><a href="#">American Equity Investment Life Ins</a></u>	<u>33</u>	<u><a href="#">Korn/Ferry International</a></u>
<u>32</u>	<u><a href="#">American Renal Associates Holdings</a></u>	<u>50</u>	<u><a href="#">Kraton Corp</a></u>
<u>25</u>	<u><a href="#">Analogic Corp</a></u>	<u>68</u>	<u><a href="#">Lantheus Holdings Inc</a></u>
<u>42</u>	<u><a href="#">Angiodynamics Inc</a></u>	<u>38</u>	<u><a href="#">La-Z Boy Inc</a></u>
<u>57</u>	<u><a href="#">Arcbest Corp</a></u>	<u>69</u>	<u><a href="#">Louisiana-Pacific Corp</a></u>
<u>89</u>	<u><a href="#">Archrock Inc</a></u>	<u>107</u>	<u><a href="#">Mack-Cali Realty Group</a></u>
<u>37.4</u>	<u><a href="#">Argo Group International Holdings</a></u>	<u>49</u>	<u><a href="#">Marten Transport Ltd</a></u>
<u>20</u>	<u><a href="#">Bancfirst Corp</a></u>	<u>68</u>	<u><a href="#">Matrix Service Ltd</a></u>
<u>77</u>	<u><a href="#">Bancorpsouth Bank</a></u>	<u>36</u>	<u><a href="#">Merit Medical Systems Inc</a></u>
<u>8</u>	<u><a href="#">Bank of Marin Bancorp</a></u>	<u>23</u>	<u><a href="#">Minerals Technologies Inc</a></u>
<u>42</u>	<u><a href="#">Banner Corp</a></u>	<u>8</u>	<u><a href="#">Moog Inc</a></u>
<u>50</u>	<u><a href="#">Benchmark Electronics Inc</a></u>	<u>61</u>	<u><a href="#">Myriad Genetics Inc</a></u>
<u>21</u>	<u><a href="#">Black Hills Corp</a></u>	<u>31</u>	<u><a href="#">Natus Medical Inc</a></u>
<u>56</u>	<u><a href="#">Boise Cascade Co</a></u>	<u>24</u>	<u><a href="#">Nelnet Inc</a></u>
<u>77</u>	<u><a href="#">Bristow Group Inc</a></u>	<u>168</u>	<u><a href="#">Newpark Resources Inc</a></u>
<u>68</u>	<u><a href="#">Caesarstone Ltd</a></u>	<u>87</u>	<u><a href="#">NMI Holdings Inc</a></u>
<u>89</u>	<u><a href="#">Callon Petroleum Co</a></u>	<u>49</u>	<u><a href="#">Northwestern Corp</a></u>
<u>65</u>	<u><a href="#">Cathay General Bancorp</a></u>	<u>38</u>	<u><a href="#">Orthofix International NV</a></u>
<u>31</u>	<u><a href="#">Central Garden &amp; Pet Co</a></u>	<u>306</u>	<u><a href="#">PDL Biopharma Inc</a></u>
<u>61</u>	<u><a href="#">Central Pacific Financial Corp</a></u>	<u>23</u>	<u><a href="#">Peapack Gladstone Financial</a></u>
<u>66</u>	<u><a href="#">CNO Financial Group Inc</a></u>	<u>51</u>	<u><a href="#">Penn National Gaming Inc</a></u>
<u>43</u>	<u><a href="#">Cohu Inc</a></u>	<u>16</u>	<u><a href="#">Peoples Bancorp Inc/OH</a></u>
<u>25</u>	<u><a href="#">Columbus McKinnon Corp/NY</a></u>	<u>49</u>	<u><a href="#">Perficient Inc</a></u>
<u>36</u>	<u><a href="#">Comtech Telecommunications Corp</a></u>	<u>30</u>	<u><a href="#">Perry Ellis International Inc</a></u>
<u>30</u>	<u><a href="#">Convergys Corp</a></u>	<u>48</u>	<u><a href="#">Phibro Animal Health Corp</a></u>
<u>19</u>	<u><a href="#">Cooper-Standard Holdings Inc</a></u>	<u>72</u>	<u><a href="#">PNM Resources Inc</a></u>
<u>41</u>	<u><a href="#">Covenant Transportation Group</a></u>	<u>69</u>	<u><a href="#">Portland General Electric Co</a></u>
<u>44</u>	<u><a href="#">CSG Systems International Inc</a></u>	<u>114</u>	<u><a href="#">Preferred Apartment Communities</a></u>
<u>70</u>	<u><a href="#">Customers Bancorp Inc</a></u>	<u>15</u>	<u><a href="#">Preferred Bank/Los Angeles CA</a></u>
<u>31</u>	<u><a href="#">DCT Industrial Trust Inc</a></u>	<u>45</u>	<u><a href="#">Progress Software Corp</a></u>
<u>102</u>	<u><a href="#">Dean Foods Co</a></u>	<u>69</u>	<u><a href="#">Quanex Buildings Products Corp</a></u>
<u>24</u>	<u><a href="#">Deckers Outdoor Corp</a></u>	<u>98</u>	<u><a href="#">Rowan Cos Plc</a></u>
<u>62</u>	<u><a href="#">Diodes Inc</a></u>	<u>142</u>	<u><a href="#">RPX Corp</a></u>
<u>47</u>	<u><a href="#">DSW Inc</a></u>	<u>52</u>	<u><a href="#">Rudolph Technologies Inc</a></u>
<u>44</u>	<u><a href="#">El Paso Electric Co</a></u>	<u>45</u>	<u><a href="#">Rush Enterprises Inc</a></u>
<u>29</u>	<u><a href="#">Emcor Group Inc</a></u>	<u>28</u>	<u><a href="#">S&amp;T Bancorp Inc</a></u>
<u>36</u>	<u><a href="#">Emergent Biosolutions Inc</a></u>	<u>16</u>	<u><a href="#">Safety Insurance Group Inc</a></u>
<u>34</u>	<u><a href="#">Employers Holdings Inc</a></u>	<u>34</u>	<u><a href="#">Sandy Spring Bancorp Inc</a></u>
<u>19</u>	<u><a href="#">Enanta Pharmaceuticals Inc</a></u>	<u>11</u>	<u><a href="#">Saul Centers Inc</a></u>

<u>17</u>	<u>Enpro Industries Inc</u>	<u>15</u>	<u>Selective Insurance Group Inc</u>
<u>47</u>	<u>Entegris Inc</u>	<u>128</u>	<u>Smart &amp; Final Stores Inc</u>
<u>121</u>	<u>Essendant Inc</u>	<u>127</u>	<u>SRC Energy Inc</u>
<u>52</u>	<u>Exterran Corp</u>	<u>65</u>	<u>Stag Industrial Inc</u>
<u>33</u>	<u>Fidelity Southern Corp</u>	<u>24</u>	<u>Stepan Co</u>
<u>21</u>	<u>Financial Institutions Inc</u>	<u>19</u>	<u>Stifel Financial Corp</u>
<u>11</u>	<u>First Defiance Financial Corp</u>	<u>72</u>	<u>Stoneridge Inc</u>
<u>90</u>	<u>First Industrial Realty Trust</u>	<u>103</u>	<u>Sunstone Hotel Investors Inc</u>
<u>22</u>	<u>Franklin Financial Network Inc</u>	<u>40</u>	<u>Sykes Enterprises Inc</u>
<u>22</u>	<u>Genesco Inc</u>	<u>58</u>	<u>Tailored Brands Inc</u>
<u>26</u>	<u>Global Brass &amp; Copper Holdings Inc</u>	<u>8</u>	<u>Tech Data Corp</u>
<u>118</u>	<u>Gray Television Inc</u>	<u>356</u>	<u>Tetra Technologies Inc</u>
<u>9</u>	<u>Great Southern Bancorp Inc</u>	<u>173</u>	<u>Travelport Worldwide Ltd</u>
<u>60</u>	<u>Great Western Bancorp Inc</u>	<u>35</u>	<u>Trico Bancshares</u>
<u>57</u>	<u>Hanmi Financial Corp</u>	<u>28</u>	<u>Trinseo PA</u>
<u>48</u>	<u>Hawaiian Holdings Inc</u>	<u>81</u>	<u>Trueblue Inc</u>
<u>54</u>	<u>Herman Miller Inc</u>	<u>130</u>	<u>Trustco Bank Corp NY</u>
<u>116</u>	<u>Hersha Hospitality Trust</u>	<u>67</u>	<u>TTM Technologies Inc</u>
<u>78</u>	<u>Hibbett Sports Inc</u>	<u>43</u>	<u>U.S. Silica Holdings Inc</u>
<u>270</u>	<u>Highpoint Resources Corp</u>	<u>105</u>	<u>Umpqua Holdings Corp</u>
<u>99</u>	<u>Hilltop Holdings Inc</u>	<u>10</u>	<u>Unifirst Corp/MA</u>
<u>44</u>	<u>Homestreet Inc</u>	<u>78</u>	<u>United Community Banks Inc/GA</u>
<u>38</u>	<u>Horace Mann Educators Corp</u>	<u>24</u>	<u>Virtusa Corp</u>
<u>13</u>	<u>Hyster-Yale Materials Handling</u>	<u>103</u>	<u>Vishay Intertechnology Inc</u>
<u>26</u>	<u>ICF International Inc</u>	<u>256</u>	<u>W&amp;T Offshore Inc</u>
<u>11</u>	<u>Idacorp Inc</u>	<u>40</u>	<u>Walker &amp; Dunlop Inc</u>
<u>25</u>	<u>Independent Bank Corp/MI</u>	<u>75</u>	<u>Washington Federal Inc</u>
<u>66</u>	<u>Innoviva Inc</u>	<u>18</u>	<u>Watts Water Technologies Inc</u>
<u>45</u>	<u>Integer Holdings Corp</u>	<u>33</u>	<u>Wintrust Financial Corp</u>
<u>59</u>	<u>International Bancshares Corp</u>	<u>86</u>	<u>Xcerra Corp</u>
<u>176</u>	<u>Investors Bancorp Inc</u>	<u>117</u>	<u>Xenia Hotels &amp; Resorts Inc</u>
<u>94</u>	<u>Iridium Communications Inc</u>	<u>35</u>	<u>XO Group Inc</u>
<u>14</u>	<u>Johnson Outdoors Inc</u>		

**Twin April**

<u>200</u>	<u>Apple Inc</u>	<u>530</u>	<u>Paychex Inc</u>
<u>780</u>	<u>Comcast Corp</u>	<u>800</u>	<u>Raymond James Financial Inc</u>
<u>800</u>	<u>DXC Technology Co</u>	<u>600</u>	<u>VF Corp</u>
<u>110</u>	<u>Johnson &amp; Johnson</u>	<u>800</u>	<u>Weingarten Realty Investors</u>

The Board unanimously approved the following new members: **Alexander Berry**, Firefighter, start date 4/1/2018 **(Vote: Joe Collins motioned with Mike Hagan seconding and the Board unanimously approving).**

The Board acknowledged with sympathy the passing of **Elizabeth McCabe**, retired Hunt Hospital employee, died 3/28/2018.

The Board unanimously approved the following retirements: **Mary “Kathy” Bishop**, Superannuation Option A, effective 7/15/18 with 15 yrs. 6 months C/S; **Francis Toomey**, Superannuation Option B, effective 4/15/18, with 37 yrs. C/S **(Vote: Joe Collins motioned with Steve Swanson seconding and the Board unanimously approving).**

The Board unanimously approved the following transfers: Transfer to MTRS fbo **Brian Menezes**, totaling 9 months c/s \$1,837.87 **(Vote: Steve Swanson motioned with Cory Grace seconding and the Board unanimously approving).**

Approvals received from PERAC: **Frank Sacco, Chris Ryan**

Paul Todisco of PRIM updated the Board on portfolio performance. Paul reviewed the organization. He explained 2017 was a good year. The PRIT performance thru 12/31/2017 was 17.7% gross of fees and 17.2% net of fees. He explained Danvers net of fees return for CY2017 was +25.56%. He said this is largely a result of the a`la carte fund choices Danvers has made utilizing the PRIT fund options. Steve asked if PRIT anticipates calling a lot more money for VY16 and VY17. Paul said yes. He said they understand the Boards frustration with PRIT not calling enough VY funds during the market crash but they are committed to calling approximately 2/3 of the committed funds for the subsequent VY. The Board thanked Paul for his time and he left the meeting @3:33PM.

Travis Ahern, Administrator/Finance Director reviewed PERAC Memo’s and other items of interest. Travis and Susan reviewed **PERAC Memo 17/2018** – supplement pay to W/C.

The Board discussed a potential COLA increase. Wayne explained PERAC and The State Ethics Commission has advised a retired board member can vote during a COLA Increase vote without being in jeopardy of an ethics violation, even though they would be potentially receiving a benefit. Mike Hagan motioned for a 3% increase on the first \$13K, with Joe Collins seconding for the purpose of discussion. The Board discussed the pros and cons of a 3% Increase. Wayne asked Travis to explain how the budget is impacted by the COLA Increase. Travis explained the previous actuary was surprised the Board had voted to increase the COLA base given the Systems investment performance at that time. Since the base increase is irrevocable the new actuary is accounting for a 3% increase on the first \$13K so it will be built into the appropriation figures. Steve said Social Security is giving a 2% increase. Cory asked if the Social Security increase is also a partial base. Both Steve and Wayne said they believe the 2% increase is on the full amount. Travis explained the State Budget also contains a 3% COLA on \$13K. This would provide all the public employees working in Danvers the same increase **(Vote: Mike Hagan motioned with Joe Collins seconding and the Board unanimously approving. The Board noted given potential quorum issues there is not ethics violation of a Board Member voting an increase even if they will also receive a benefit).**

The Board unanimously approved a travel budget for Cory Grace, Mike Hagan and Wayne Marquis to attend the MACRS conference **(Vote: Mike Hagan motioned with Joe Collins seconding and the Board unanimously approving. The Board noted given potential quorum issues there is not ethics violation of a Board Member voting an increase even if they will also receive a benefit).**

Isabelle Eckel of Morgan Stanley/Graystone updated the Board on portfolio performance. Isabelle explained the YTD portfolio results as of March 31, 2018 were -.40% versus the benchmark of -.83%. Isabelle explained Graystone's tactical viewpoint hasn't change. They recommend an underweighting in fixed income with a defensive position of short duration. They remain bullish on equities. Isabelle explained the portfolio is in compliance with the System's investment policy. She informed the Board Graystone will be reviewing the investment policy specifically asset allocation at the May or June Board Mtg.

Meeting Adjourned: 4:10PM (**Cory Grace motioned with Steve Swanson seconding and Board unanimously approving**)

NEXT MEETING: May 30, 2018

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Joseph Collins, Elected Member

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Michael Hagan, Elected Member

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Corinna Grace, Ex-Officio Member

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Wayne P. Marquis, Chairman

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Stephen Swanson, Fifth Member