

A regular meeting of the Retirement Board was held at Town Hall, Wednesday May 30, 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).

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

Wayne read agenda item: Minutes of the April 25, 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: Cory Grace motioned with Joe Collins seconding and the Board unanimously approving).**

Board reviewed and unanimously approved the February and March Cashbooks. **(Joe Collins 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 Joe Collins seconding and the Board unanimously approving).**

May Payroll 05312018	\$ 993,067.54
May Expenses	\$ 75,227.33

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:

Hillswick May

<u>2429000</u>	<u>US Treasury Note 2.000% 02/15/2023</u>	<u>510000</u>	<u>US Treasury Note 1.625% 08/15/2022</u>
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Twin May

<u>130</u>	<u>Align Technology Inc</u>	<u>80</u>	<u>Madison Square Garden Co</u>
<u>680</u>	<u>Automatic Data Processing Inc</u>	<u>1400</u>	<u>Noble Energy Inc</u>
<u>130</u>	<u>Caterpillar Inc</u>	<u>160</u>	<u>Regal Beloit Corp</u>
<u>350</u>	<u>Domtar Corp</u>	<u>120</u>	<u>Williams-Sonoma Inc</u>
<u>1200</u>	<u>Gap Inc</u>		

Hillswick April

<u>24000</u>	<u>US Treasury Note 2.250% 02/15/2027</u>
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SECURITIES SOLD:

BMO April

<u>260</u>	<u>Abraxas Petroleum Corp</u>	<u>21</u>	<u>Kaiser Aluminum Corp</u>
<u>140</u>	<u>Acco Brands Corp</u>	<u>89</u>	<u>KB Home</u>
<u>110</u>	<u>Allscripts Healthcare Solution</u>	<u>46</u>	<u>Kimball International Inc</u>
<u>21</u>	<u>American Assets Trust Inc</u>	<u>13</u>	<u>KLX Inc</u>

<u>110</u>	<u>American Axle & Manufacturing</u>	<u>42</u>	<u>Koppers Holdings Inc</u>
<u>84</u>	<u>American Equity Investment Life Ins</u>	<u>34</u>	<u>Korn/Ferry International</u>
<u>32</u>	<u>American Renal Associates Holdings</u>	<u>51</u>	<u>Kraton Corp</u>
<u>43</u>	<u>Angiodynamics Inc</u>	<u>69</u>	<u>Lantheus Holdings Inc</u>
<u>58</u>	<u>Arcbest Corp</u>	<u>52</u>	<u>La-Z-Boy Inc</u>
<u>38</u>	<u>Argo Group International Holdings</u>	<u>70</u>	<u>Louisiana Pacific Corp</u>
<u>83</u>	<u>Ashford Hospitality Trust Inc</u>	<u>35</u>	<u>Mack-Cali Realty Corp</u>
<u>21</u>	<u>Bancfirst Corp</u>	<u>32</u>	<u>Marten Transport Ltd</u>
<u>78</u>	<u>Bancorpsouth Bank</u>	<u>69</u>	<u>Matrix Service Co</u>
<u>9</u>	<u>Bank of Marin Bancorp</u>	<u>41</u>	<u>Meridian Bioscience Inc</u>
<u>42</u>	<u>Banner Corp</u>	<u>36</u>	<u>Merit Medical Systems Inc</u>
<u>50</u>	<u>Benchmark Electronics Inc</u>	<u>23</u>	<u>Minerals Technologies Inc</u>
<u>39</u>	<u>Black Hills Corp</u>	<u>8</u>	<u>Moog Inc</u>
<u>57</u>	<u>Boise Cascade Co</u>	<u>63</u>	<u>Myriad Genetics Inc</u>
<u>79</u>	<u>Bristow Group Inc</u>	<u>31</u>	<u>Natus Medical Inc</u>
<u>5</u>	<u>CACI International Inc</u>	<u>24</u>	<u>Nelnet Inc</u>
<u>69</u>	<u>Caesarstone Ltd</u>	<u>172</u>	<u>Newpark Resources Inc</u>
<u>91</u>	<u>Callon Petroleum Co</u>	<u>89</u>	<u>NMI Holdings Inc</u>
<u>67</u>	<u>Cathay General Bancorp</u>	<u>50</u>	<u>Northwestern Corp</u>
<u>32</u>	<u>Central Garden & Pet Co</u>	<u>39</u>	<u>Orthofix International NV</u>
<u>62</u>	<u>Central Pacific Financial Corp</u>	<u>13</u>	<u>PDC Energy Inc</u>
<u>46</u>	<u>Chesapeake Lodging Trust</u>	<u>312</u>	<u>PDL Biopharma Inc</u>
<u>67</u>	<u>CNO Financial Group Inc</u>	<u>24</u>	<u>Peapack Gladstone Financial Co</u>
<u>43</u>	<u>Cohu Inc</u>	<u>52</u>	<u>Penn National Gaming Inc</u>
<u>26</u>	<u>Columbus McKinnon Corp/NY</u>	<u>17</u>	<u>Peoples Bancorp Inc/OH</u>
<u>13</u>	<u>Community Trust Bancorp</u>	<u>50</u>	<u>Perficient Inc</u>
<u>36</u>	<u>Comtech Telecommunications Corp</u>	<u>30</u>	<u>Perry Ellis International Inc</u>
<u>17</u>	<u>Conmed Corp</u>	<u>49</u>	<u>Phibro Animal Health Corp</u>
<u>20</u>	<u>Cooper-Standard Holdings Inc</u>	<u>74</u>	<u>PNM Resources Inc</u>
<u>45</u>	<u>CSG Systems International Inc</u>	<u>70</u>	<u>Portland General Electric Co</u>
<u>64</u>	<u>Diodes Inc</u>	<u>116</u>	<u>Preferred Apartment Communities</u>
<u>45</u>	<u>El Paso Electric Co</u>	<u>16</u>	<u>Preferred Bank/Los Angeles CA</u>
<u>20</u>	<u>Emanta Pharmaceuticals Inc</u>	<u>30</u>	<u>Progress Software Corp</u>
<u>30</u>	<u>Emcor Group Inc</u>	<u>70</u>	<u>Quanex Building Products Corp</u>
<u>37</u>	<u>Emergent Biosolutions Inc</u>	<u>100</u>	<u>Rowan Cos Plc</u>
<u>35</u>	<u>Employers Holdings Inc</u>	<u>144</u>	<u>RPX Corp</u>
<u>48</u>	<u>Entegris Inc</u>	<u>61</u>	<u>Rudolph Technologies Inc</u>
<u>53</u>	<u>Exterran Corp</u>	<u>45</u>	<u>Rush Enterprises Inc</u>
<u>34</u>	<u>Fidelity Southern Corp</u>	<u>28</u>	<u>S&T Bancorp Inc</u>
<u>22</u>	<u>Financial Institutions Inc</u>	<u>17</u>	<u>Safety Insurance Group Inc</u>
<u>11</u>	<u>First Defiance Financial Corp</u>	<u>35</u>	<u>Sandy Spring Bancorp Inc</u>

<u>91</u>	<u>First Industrial Realty Trust</u>	<u>11</u>	<u>Saul Centers Inc</u>
<u>23</u>	<u>Franklin Financial Network Inc</u>	<u>16</u>	<u>Selective Insurance Group Inc</u>
<u>22</u>	<u>Genesco Inc</u>	<u>131</u>	<u>Smart & Final Stores Inc</u>
<u>26</u>	<u>Global Bras & Copper Holdings</u>	<u>154</u>	<u>SRC Energy Inc</u>
<u>76</u>	<u>Gray Television Inc</u>	<u>66</u>	<u>Stag Industrial Inc</u>
<u>9</u>	<u>Great Southern Bancorp Inc</u>	<u>24</u>	<u>Stepan Co</u>
<u>67</u>	<u>Great Western Bancorp Inc</u>	<u>34</u>	<u>Stifel Financial Corp</u>
<u>73</u>	<u>Hanm Financial Corp</u>	<u>74</u>	<u>Stoneridge Inc</u>
<u>49</u>	<u>Hawaiian Holdings Inc</u>	<u>49</u>	<u>Sykes Enterprises Inc</u>
<u>55</u>	<u>Herman Miller Inc</u>	<u>59</u>	<u>Tailored Brands Inc</u>
<u>118</u>	<u>Hersha Hospitality Trust</u>	<u>13</u>	<u>Travelport Worldwide Ltd</u>
<u>80</u>	<u>Hibbett Sports Inc</u>	<u>28</u>	<u>Trinseo SA</u>
<u>276</u>	<u>Highpoint Resources Inc</u>	<u>89</u>	<u>TTM Technologies Inc</u>
<u>101</u>	<u>Hilltop Holdings Inc</u>	<u>10</u>	<u>Unifirst Corp/MA</u>
<u>44</u>	<u>Homestreet Inc</u>	<u>49</u>	<u>United Community Banks Inc/GA</u>
<u>56</u>	<u>Horace Mann Educators Corp</u>	<u>32</u>	<u>Virtusa Corp</u>
<u>13</u>	<u>Hyster-Yale Materials Handling</u>	<u>106</u>	<u>Vishay Intertechnology Inc</u>
<u>36</u>	<u>ICF International Inc</u>	<u>261</u>	<u>W&T Offshore Inc</u>
<u>25</u>	<u>Independent Bank Corp/MI</u>	<u>41</u>	<u>Walker & Dunlop Inc</u>
<u>67</u>	<u>Innoviva Inc</u>	<u>56</u>	<u>Washington Federal Inc</u>
<u>46</u>	<u>Integer Holdings Corp</u>	<u>22</u>	<u>Watts Water Technology Inc</u>
<u>60</u>	<u>International Bancshares Corp</u>	<u>33</u>	<u>Wintrust Financial Corp</u>
<u>210</u>	<u>Investors Bancorp Inc</u>	<u>111</u>	<u>Xcerra Corp</u>
<u>96</u>	<u>Iridium Communications Inc</u>	<u>119</u>	<u>Xenia Hotels & Resorts Inc</u>
<u>14</u>	<u>Johnson Outdoors Inc</u>	<u>36</u>	<u>XO Group</u>
<u>Hillswick May</u>			
<u>351000</u>	<u>US Treasury Note 4.5% 08/15/2039</u>	<u>1415000</u>	<u>US Treasury Note 2.750% 08/31/2018</u>
<u>507000</u>	<u>US Treasury Note 2.750% 02/15/2019</u>		
<u>Twin May</u>			
<u>250</u>	<u>Albemarle Corp</u>	<u>220</u>	<u>Schlumberger Ltd</u>
<u>235</u>	<u>Apergy Corp</u>	<u>690</u>	<u>Tapestry Inc</u>
<u>490</u>	<u>Gilead Sciences Inc</u>	<u>1700</u>	<u>Teradyne Inc</u>
<u>390</u>	<u>Oracle Corp</u>	<u>800</u>	<u>Toro Co</u>

Christopher Jenks, Portfolio Manager and Greg Down, Relationship Manager for **BMO Global Asset Management** updated the Board on portfolio performance. Greg reviewed the organization. He explained there have been no top-level management changes in 2017. They have \$260 Billion Asset under Management with 20 offices in 14 countries. Chris explained their objective is to outperform the Russell 2000 Value Index by 3% - 4% per year over a full market cycle with risk like that of the benchmark. They utilize a fundamental perspective focusing on attractively valued companies with growing investor interest. They analyze risk through focusing on fundamental, macroeconomic and statistical perspectives. The portfolio is constructed of 125 – 200 stocks composed of fundamentally strong, attractively valued companies with growing investor interest. A style

consistent with small-cap value. The Danvers results as of April 30, 2018 YTD -.39% net of fees versus the benchmark -.95%. The Board thanked Chris and Greg for their time and they left the meeting @3:30PM.

Linda Bournival from KMS Actuary presented the preliminary valuation results of the 1/1/2018 retirement study. She explained The mkt. value of assets for 2016 and 2017 exceeded expectations and resulted in a \$12.2 million asset gain during the 2-year period above 7.75%. The funded ratio increased to 60.6% before assumption changes. The Board unanimously approved funding schedule F with an assumed rate of return of 7.50%; fully funded in FY2035 Town and FY2027 Electric; funded ratio 58.6%. **(Vote: Steve Swanson motioned with Joe Collins seconding and the Board unanimously approving).** The Board thanked Linda for her time and she left the meeting @4:38PM.

The Board unanimously approved the following new members: **Erin Cullen**, Teacher Aide, start date 5/2/2018 (replaces Colin deFreisse); **Scott Vesey**, W&S Inspector, start date 5/7/2018 (replaces John Walke); **Melanie McLaughlin**, Teacher Aide, start date 5/7/2018 (new position); **James Oliveri**, Patrol Officer, start date 5/21/2018; **Aleksandr DeAmario**, Teacher Aide, start date 4/23/2018 (replaces Matt Selinger); **Nick Karedis**, Patrol Officer, start date 5/21/2018 **(Vote: Cory Grace motioned with Joe Collins seconding and the Board unanimously approving).**

The Board unanimously approved the following retirements: **Robert Bettencourt**, Superannuation Option C, effective 6/10/18; **Nancy Blanchette**, Superannuation Option C, effective 6/29/18. **(Vote: Steve Swanson motioned with Cory Grace seconding and the Board unanimously approving).**

The Board unanimously approved the following transfers: Transfer to Middlesex Retirement fbo **Georgia Wilson**, totaling 1 yr. 10 months C/S, \$9,528.57 **(Vote: Cory Grace motioned with Steve Swanson seconding and the Board unanimously approving).**

Approvals received from PERAC: **John Walke**

The Board unanimously approved the following refunds: **Julianne Hines**, refund totaling \$15,750.88 with 9 yrs. 1 month C/S; **Allison Jopling**, refund totaling \$3,780.02 with 9 months C/S **(Vote: Joe Collins motioned with Steve Swanson seconding and the Board unanimously approving).**

Isabelle Eckel of Morgan Stanley/Graystone updated the Board on portfolio performance. Isabelle explained the YTD portfolio results as of April 30, 2018 were -.25% versus the benchmark of +.03%. Isabelle explained the portfolio is in compliance with the System's investment policy. She informed the Board Graystone reviewed the investment policy specifically, asset allocation but due to the time will review the results at the June Board Mtg.

Meeting Adjourned: 4:52PM **(Joe Collins motioned with Steve Swanson seconding and Board unanimously approving)**

NEXT MEETING: June 19, 2018

Joseph Collins, Elected Member

Michael Hagan, Elected Member

Corinna Grace, Ex-Officio Member

Wayne P. Marquis, Chairman

Stephen Swanson, Fifth Member