

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

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

Others present: Rodney Conley, Director of Admin. and Finance; Susan Little (Retirement Assistant); Cliff White and Isabelle Eckel (Investment Consultants).

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

Steve Bartha, Town Manager reviewed the results of the Comp. and Class study (**Vote: The Board unanimously approved the new pay structure and change of titles and job descriptions as recommended. Cory Grace motioned with Steve Swanson seconding and the Board unanimously approving**). Steve left at 3:15PM.

Wayne read agenda item: Minutes of the October 31, 2018 meeting to be accepted and signed. Wayne asked the Board if everyone has had a chance to review the minutes and if anyone would like to make a motion to accept the Minutes. (**Vote: Joe Collins motioned with Cory Grace seconding and the Board unanimously approving**).

The Board unanimously approved the October 31, 2018 Executive Session minutes. (**Vote: Mike Hagan motioned with Steve Swanson seconding and the Board unanimously approving**).

Matt Kinear and Bill Ryan of Gerber Taylor updated the Board on portfolio performance of Palladian Partners VII via conference call.

The Board unanimously approved the September Cashbooks (**Vote: Joe Collins motioned with Cory Grace 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**).

November Payroll 11302018	\$ 1,045,212.17
November Expenses	\$ 194,248.19

Purchases were unanimously accepted (**Vote: Cory Grace 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:

BMO November

<u>876</u>	<u>Advanced Disposal Service Inc</u>	<u>129</u>	<u>GATX Corp</u>
<u>1755</u>	<u>AMC Entertainment Holdings Inc</u>	<u>384</u>	<u>Hancock Whitney Corp</u>
<u>603</u>	<u>American Public Education Inc</u>	<u>824</u>	<u>Investors Bancorp Inc</u>
<u>1781</u>	<u>CBIZ Inc</u>	<u>643</u>	<u>PC Connection Inc</u>
<u>1052</u>	<u>Columbia Property Trust Inc</u>	<u>645</u>	<u>Selective Insurance Group Inc</u>
<u>124</u>	<u>El Paso Electric Co</u>		

BMO October

<u>1021</u>	<u>Advanced Disposal Services Inc</u>	<u>47</u>	<u>Hancock Whitney Corp</u>
<u>1739</u>	<u>Aircastle</u>	<u>183</u>	<u>HMS Holdings Corp</u>
<u>1597</u>	<u>AMC Entertainment Holdings Inc</u>	<u>271</u>	<u>Investors Bancorp Inc</u>

<u>182</u>	<u>American Public Education Inc</u>	<u>211</u>	<u>PC Connection Inc</u>
<u>590</u>	<u>Big Lots Inc</u>	<u>106</u>	<u>Selective Insurance Group Inc</u>
<u>322</u>	<u>CBIZ Inc</u>	<u>1150</u>	<u>SM Energy Co</u>
<u>1052</u>	<u>Columbia Property Trust Inc</u>	<u>174</u>	<u>Unifirst Corp/MA</u>
<u>93</u>	<u>El Paso Electric Co</u>	<u>342</u>	<u>Wesco International Inc</u>
<u>355</u>	<u>GATX Corp</u>		

Lyrical November

247000 US Treasury Note 2.250% 02/15/2027

Lyrical November

<u>2259</u>	<u>Arrow Electronics Inc</u>	<u>10054</u>	<u>Microchip Technology Inc</u>
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Twin November

<u>280</u>	<u>Alexion Pharmaceuticals Inc</u>	<u>170</u>	<u>Johnson & Johnson</u>
<u>200</u>	<u>Arista Networks Inc</u>	<u>350</u>	<u>Micron Technology Inc</u>
<u>520</u>	<u>CH Robinson Worldwide Inc</u>	<u>150</u>	<u>Microsoft Corp</u>
<u>600</u>	<u>Host Hotels & Resorts Inc</u>	<u>450</u>	<u>NXP Semiconductors NV</u>
<u>500</u>	<u>Intel Corp</u>	<u>50</u>	<u>Salesforce.com Inc</u>

SECURITIES SOLD:

BMO November

<u>2166</u>	<u>Ashford Hospitality Trust Inc</u>	<u>162</u>	<u>Kaiser Aluminum Corp</u>
<u>341</u>	<u>Computer Programs & Systems Inc</u>	<u>220</u>	<u>Korn/Ferry International</u>
<u>565</u>	<u>Customers Bancorp Inc</u>	<u>74</u>	<u>Myriad Genetics Inc</u>
<u>582</u>	<u>Delek US Holdings Inc</u>	<u>643</u>	<u>PDC Energy Inc</u>
<u>35</u>	<u>Emcor Group</u>	<u>1041</u>	<u>Rexnord Corp</u>
<u>138</u>	<u>Emergent Biosolutions Inc</u>	<u>592</u>	<u>Tenneco Inc</u>
<u>153</u>	<u>Herman Miller Inc</u>	<u>1157</u>	<u>Trueblue Inc</u>
<u>716</u>	<u>Hilltop Holdings Inc</u>	<u>522</u>	<u>TTM Technologies Inc</u>
<u>288</u>	<u>ICF International Inc</u>	<u>316</u>	<u>Washington Federal Inc</u>

Hillswick November

239000 Microsoft Corp 3.300% 02/06/2027

Lyrical November

4084 Arris International PLC

Twin November

<u>160</u>	<u>Nvidia Corp</u>	<u>500</u>	<u>Textron Inc</u>
<u>200</u>	<u>Oracle Corp</u>	<u>300</u>	<u>Vertex Pharmaceuticals Inc</u>
<u>850</u>	<u>Synopsys Inc</u>	<u>150</u>	<u>Walmart Inc</u>
<u>300</u>	<u>Texas Instruments Inc</u>		

BMO October

<u>283</u>	<u>Ashford Hospitality Trust Inc</u>	<u>651</u>	<u>Iridium Communications Inc</u>
<u>291</u>	<u>Computer Programs & Systems Inc</u>	<u>34</u>	<u>Kaiser Aluminum Corp</u>
<u>261</u>	<u>Customers Bancorp Inc</u>	<u>325</u>	<u>Korn/Ferry International</u>
<u>570</u>	<u>Delek US Holdings Inc</u>	<u>78</u>	<u>Myriad Genetics Inc</u>
<u>72</u>	<u>Emcor Group Inc</u>	<u>7</u>	<u>PDC Energy Inc</u>
<u>25</u>	<u>Emergent Biosolutions Inc</u>	<u>131</u>	<u>Portland General Electric Co</u>
<u>438</u>	<u>Esterline Technologies Corp</u>	<u>561</u>	<u>Rexnord Corp</u>
<u>56</u>	<u>Herman Miller Inc</u>	<u>147</u>	<u>Tenneco Inc</u>
<u>685</u>	<u>Hilltop Holdings Inc</u>	<u>78</u>	<u>Trueblue Inc</u>
<u>407</u>	<u>ICF International Inc</u>	<u>951</u>	<u>TTM Technologies Inc</u>
<u>337</u>	<u>Independent Bank Corp/MI</u>	<u>1880</u>	<u>US Silica Holdings Inc</u>
<u>145</u>	<u>Integer Holdings Corp</u>	<u>453</u>	<u>Washington Federal Inc</u>

Hillswick October

<u>195</u>	<u>Pepsi-Cola Metropolitan Bottling Co</u>
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Twin October

<u>50</u>	<u>Abbie Inc</u>	<u>230</u>	<u>Kimco Realty Corp</u>
<u>50</u>	<u>Accenture PLC</u>	<u>50</u>	<u>Lazard Ltd</u>
<u>50</u>	<u>Adobe Inc</u>	<u>30</u>	<u>Lear Corp</u>
<u>10</u>	<u>Align Technology Inc</u>	<u>50</u>	<u>Liberty Media Corp-Liberty Formula O</u>
<u>100</u>	<u>Ally Financial Inc</u>	<u>50</u>	<u>Lincoln National Corp</u>
<u>10</u>	<u>Amazon.com Inc</u>	<u>10</u>	<u>Madison Square Garden Co</u>
<u>50</u>	<u>Amgen Inc</u>	<u>150</u>	<u>Marathon Oil Corp</u>
<u>150</u>	<u>Annaly Capital Management Inc</u>	<u>20</u>	<u>Marathon Petroleum Corp</u>
<u>100</u>	<u>AO Smith Corp</u>	<u>20</u>	<u>Mastercard</u>
<u>100</u>	<u>Apple Inc</u>	<u>10</u>	<u>McKesson Corp</u>
<u>40</u>	<u>Applied Materials Inc</u>	<u>50</u>	<u>Merck & Co Inc</u>
<u>30</u>	<u>Archer-Daniels-Midland Co</u>	<u>40</u>	<u>Micron Technology Inc</u>
<u>100</u>	<u>Arrow Electronics Inc</u>	<u>150</u>	<u>Microsoft Corp</u>
<u>249</u>	<u>AT&T Inc</u>	<u>100</u>	<u>Mondelez International Inc</u>
<u>100</u>	<u>Athene Holding Ltd</u>	<u>40</u>	<u>National Instruments Corp</u>
<u>40</u>	<u>Automatic Data Processing Inc</u>	<u>10</u>	<u>Netflix Inc</u>
<u>350</u>	<u>Bank of America Corp</u>	<u>100</u>	<u>New Corp</u>

<u>50</u>	<u>Baxter International Inc</u>	<u>100</u>	<u>Newmont Mining Corp</u>
<u>50</u>	<u>Berkshire Hathaway Inc</u>	<u>50</u>	<u>Nike Inc</u>
<u>50</u>	<u>Bristol-Myers Squibb Co</u>	<u>50</u>	<u>Nvidia Corp</u>
<u>30</u>	<u>Chevron Corp</u>	<u>20</u>	<u>Occidental Petroleum Corp</u>
<u>100</u>	<u>Chimera Investment Corp</u>	<u>100</u>	<u>OGE Energy Corp</u>
<u>100</u>	<u>Cisco Systems Inc</u>	<u>100</u>	<u>Old Republic International Corp</u>
<u>100</u>	<u>Citigroup, Inc</u>	<u>40</u>	<u>Oracle Corp</u>
<u>100</u>	<u>Cognizant Technology Solutions</u>	<u>150</u>	<u>Paramount Group Inc</u>
<u>150</u>	<u>Cola-Cola Co</u>	<u>50</u>	<u>Pepsico Inc</u>
<u>120</u>	<u>Comcast Corp</u>	<u>150</u>	<u>Pfizer Inc</u>
<u>50</u>	<u>Conocophillips</u>	<u>100</u>	<u>Procter & Gamble Co</u>
<u>20</u>	<u>Copart Inc</u>	<u>100</u>	<u>Prologis Inc</u>
<u>100</u>	<u>Cubesmart</u>	<u>50</u>	<u>Public Service Enterprise Group</u>
<u>50</u>	<u>CVS Health Corp</u>	<u>110</u>	<u>Pultegroup Inc</u>
<u>50</u>	<u>Darden Restaurants Inc</u>	<u>10</u>	<u>Regal Beloit Corp</u>
<u>100</u>	<u>Domtar Corp</u>	<u>100</u>	<u>Robert Half International Inc</u>
<u>50</u>	<u>Dover Corp</u>	<u>10</u>	<u>Ross Stores Inc</u>
<u>50</u>	<u>Dowdupont Inc</u>	<u>10</u>	<u>S&P Global Inc</u>
<u>50</u>	<u>East West Bancorp Inc</u>	<u>30</u>	<u>Schlumberger Ltd</u>
<u>50</u>	<u>Eaton Corp PLC</u>	<u>40</u>	<u>Snap-On Inc</u>
<u>50</u>	<u>Eli Lilly & Co</u>	<u>40</u>	<u>Southwest Airlines Co</u>
<u>100</u>	<u>Exelon Corp</u>	<u>40</u>	<u>Starbucks Corp</u>
<u>50</u>	<u>Expeditors International of WA</u>	<u>100</u>	<u>State Street Corp</u>
<u>50</u>	<u>Exxon Mobil Corp</u>	<u>50</u>	<u>Synopsis Inc</u>
<u>50</u>	<u>Facebook Inc</u>	<u>40</u>	<u>Texas Instruments Inc</u>
<u>150</u>	<u>FirstEnergy Corp</u>	<u>100</u>	<u>Textron Inc</u>
<u>50</u>	<u>FMC Corp</u>	<u>50</u>	<u>Tyson Foods Inc</u>
<u>50</u>	<u>Gap Inc</u>	<u>40</u>	<u>Unitedhealth Group Inc</u>
<u>50</u>	<u>General Motors Inc</u>	<u>50</u>	<u>Valero Energy Corp</u>
<u>100</u>	<u>Gentex Corp</u>	<u>20</u>	<u>Veeva Systems Inc</u>
<u>100</u>	<u>Hawaiian Electric Industries I</u>	<u>100</u>	<u>Verizon Communications Inc</u>
<u>40</u>	<u>Home Depot Inc</u>	<u>10</u>	<u>Vertex Pharmaceuticals Inc</u>
<u>100</u>	<u>Host Hotels & Resorts Inc</u>	<u>50</u>	<u>Walgreens Boots Alliance Inc</u>
<u>100</u>	<u>Intel Corp</u>	<u>50</u>	<u>Walmart Inc</u>
<u>100</u>	<u>International Game Technology</u>	<u>50</u>	<u>Walt Disney Co</u>
<u>50</u>	<u>ITT Inc</u>	<u>50</u>	<u>Wells Fargo & Co</u>
<u>50</u>	<u>Jack Henry & Associates Inc</u>	<u>40</u>	<u>Williams-Sonoma Inc</u>
<u>40</u>	<u>Johnson & Johnson</u>	<u>30</u>	<u>Zendesk Inc</u>
<u>100</u>	<u>JPMorgan Chase & Co</u>	<u>50</u>	<u>Zillow Group Inc</u>

The Board unanimously approved the following new members:

Tyler Skane, Police Dispatcher, start date 11/07/2018 (replaces Brian Pratt - promotion)

Ryan Urbanski, Police Officer, start date 5/21/2018 (replaces Michael Balsley - promotion)

Erin McKinnon, Teacher Aide @ Riverside School, start date 11/05/2018 (new position)

Brendon Graffum, Teacher Aide @ Danvers High School, start date 10/09/2018 (replaces Carolyn Joslin)

Jeffrey Elie, Energy Efficiency Coordinator with DPW Engineering, start date 11/26/2018 (new position)
(Vote: Steve Swanson motioned with Joe Collins seconding and the Board unanimously approving).

The Board unanimously approve the following retirements:

Peter Pierce, Superannuation Option C, effective 11/10/18.

Debra Lastih, Superannuation Option A, effective 2/4/2019

Elaine Russo, Superannuation Option A, effective 2/9/2019

The Board unanimously approved the transfer of **Peg Sallade**, trans. to ERRB, totaling \$54,792.12 with 8 years C/S; **Chuck Underhill**, trans. to Reading, totaling \$114,700.03 with 10 yrs. 4 months C/S
(Vote: Cory Grace motioned with Joe Collins seconding and the Board unanimously approving).

Approvals received from PERAC: **None**

Cliff White and Isabelle Eckel of MS/Graystone updated the Board on portfolio performance. Cliff explained 60 stocks in the S&P 500 have fallen by at least 20% in the past 8 weeks which equals a bear market. He said they favor value style over growth style stocks – the value “underdogs” are now cheap. The continue to recommend a neutral-weight to US Equities, overweight to non-US equities because the US market cycle is much more mature. Currently, they do not recommend any changes to the tactical viewpoint. Isabelle explained the quilt on page 7 shows the steadiest/least volatile approach is a diversified portfolio. She explained the premium valuation shows the Russell 1000 Growth price/book is 6.9X versus the Russell 1000 Value price/book is 2.0X which she said suggests value is undervalued. Cliff said he still recommends Danvers stay with the US Equity allocation of 35% Growth/65% Value. Cliff explained Danvers has \$114 Million in assets and are in compliance with the Investment Policy. As of October 31, 2018, the YTD performance is -3.57% vs. the strategic benchmark of -1.69%. Cliff advised for the Month of October Danvers is -5.77% versus the strategic benchmark of -5.23% which is line with last month when he assumed we would be down -6% to – 6.5% for October. He explained we were defensive a little too early. He said on a positive note the alternatives are doing well.

Rodney Conley, Dir. of Admin. and Finance reviewed PERAC Memo’s and other items of interest.

- PERAC Memo’s: **New Executive Director**
- Board confirmed receipt of conflict of interest document

3:50PM Cliff and Isabelle left the meeting. Board thanked them for their time.

Board reviewed and voted to table the Involuntary Accidental Disability Retirement Application of Shawn Blanchard.

Board voted with a roll call vote to go into Executive Session Pursuant to G.L. c. 30A, § 21(a) to discuss medical particulars (physical condition) of a Shawn Blanchard
(roll call vote: Mike “yes”; Joe “yes”; Steve “yes; Wayne “yes”; Cory “yes”).

Board voted to come out of Executive Session to vote on request for a Medical Panel **(roll call vote: Joe “yes”; Cory Grace “yes”; Mike “yes”; Steve “yes”; Wayne “yes”).**

Board voted unanimously to table the Involuntary Accidental Disability Retirement Application of Shawn Blanchard

(Vote: Mike Hagan motioned with Joe Collins seconding and the board unanimously voting to table the application).

The Board voted unanimously to interview all three firms that submitted proposals for Investment Consultant at a special meeting on December 19, 2018, 2:30PM in the Town Managers Conference Room. **(Vote: Cory Grace motioned with Steve Swanson seconding and the board unanimously approving).**

Meeting Adjourned: 4:45PM **(Steve Swanson motioned with Joe Collins seconding and Board unanimously approving)**

NEXT MEETING: December 19, 2018 (Special Meeting)

Joseph Collins, Elected Member

Michael Hagan, Elected Member

Corinna Grace, Ex-Officio Member

Wayne P. Marquis, Chairman

Stephen Swanson, Fifth Member