

A regular meeting of the Retirement Board was held at Town Hall, Wednesday October 30, 2019 at 2PM.

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

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

The Board interviewed the three top firms that submitted proposals for the US Lrg. Cap. Value RFP.

- Bill Lynch, Managing Director provided a review **Eagle Capital Mgmt.** Bill explained the firm was founded In 1988 by Ravenel and Beth Curry. They are a private company, which means they don't answer to shareholders which has allowed them to focus on a single strategy "Eagle Equity portfolio". They have a long view, low turnover, concentrated portfolio of 25-35 stocks. They have \$29.5 Billion in assets under management. They are 100% employee owned. The portfolio was capped for six years but has since quietly opened to select investors. They describe their philosophy as a private equity approach to the market, bottoms up. They look for "free call" with companies. There was a 10-minute Q & A. The Board thanked Bill for his time, and he left the meeting.
- Allen Gray, Managing Director and Roger Vogel, Lead Portfolio Manager provided a review of **Silvercrest Asset Mgmt. Group.** Allen explained the firm was founded in 2002 by principals of DLJ Asset Management when DLJ was sold to Credit Suisse. He said they are a public company, with 141 employees in eight locations with \$16 billion discretionary assets under management and 9 equity strategies. Roger explained he is the third largest shareholder and a founding partner. There are 10 employees making up the US Value Equity team with Roger having the final decision. There was a 10-minute Q & A. The Board thanked Allen and Roger for their time, and they left the meeting.
- Scott Weber, Sr/Lead Portfolio Mgr. and Dan Hughes, VP – Client Portfolio Mgr. provided a review of **Vaughan Nelson.** Scott and Dan did not provide a "pitch book". Their review was more conversational. Dan explained they have 12.5 Billion in assets, 3 equity strategies. The strategy they are proposing is made up of roughly 25 names. They look to offset liability and look to provide a 15% increase compounding, while capturing 50% of the upside and 10% of the downside. Scott explained they see their job first as "don't lose the money". Return needs to represent real dollars. They are a bottom up investor. They analyze and consider risk. Spend time finding upside to drastically increase the return. They do their own deep valuation. There was a 10-minute Q & A. The Board thanked Scott and Dan for their time, and they left the meeting.

Steve Swanson left the meeting while the other four members discussed the **Fifth Member** position.

The Board reviewed the two candidates for the Fifth Member position and unanimously approved re-appointing **Steve Swanson** to another three-year term with all four Board Members in attendance and voting. (**Vote: Joe Collins motioned with Cory Grace seconding and the Board unanimously approving**).

Steve Swanson returned to the meeting.

The Board reviewed with MS/Graystone the three firms they interviewed for US Lrg. Cap Value Management. The Board acknowledged each of the three firms could do the job but ultimately decided to hire Eagle Capital since their performance was best. (**Vote: Joe Collins motioned with Steve Swanson seconding and the Board unanimously approving**).

The Board unanimously approved minutes of the September 25, 2019 meeting accepted and signed. (Vote: Cory Grace motioned with Mike Hagan seconding and the Board unanimously approving).

The Board unanimously approved the August 2019 Cashbooks (Vote: Steve Swanson motioned with Joe Collins seconding and the Board unanimously approving).

The bills payable warrant was unanimously accepted and signed. (Vote: Cory Grace motioned with Joe Collins seconding and the Board unanimously approving).

October Payroll	\$1,061,693.84
October Expenses	\$ 70,086.36

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:

BMO October

<u>458</u>	<u>Spirit Airlines Inc</u>	<u>616</u>	<u>Kennametal Inc</u>
<u>868</u>	<u>Alkermes PLC</u>	<u>742</u>	<u>Koppers Holdings Inc</u>
<u>550</u>	<u>Angiodynamics Inc</u>	<u>84</u>	<u>Lydall Inc</u>
<u>167</u>	<u>Armada Hoffler Properties Inc</u>	<u>249</u>	<u>Modine Manufacturing Co</u>
<u>192</u>	<u>Belden Inc</u>	<u>236</u>	<u>Murphy Inc</u>
<u>507</u>	<u>Benchmark Electronics Inc</u>	<u>206</u>	<u>National General Holdings Corp</u>
<u>172</u>	<u>City Office REIT Inc</u>	<u>23</u>	<u>Sandy Spring Bancorp Inc</u>
<u>130</u>	<u>Comtech Telecommunications Corp</u>	<u>1869</u>	<u>Simply Good Foods Co</u>
<u>703</u>	<u>Evercore Inc</u>	<u>468</u>	<u>Southwest Gas Holdings Inc</u>
<u>91</u>	<u>First Bancorp/Southern Pines NC</u>	<u>2210</u>	<u>Summit Hotel Properties Inc</u>
<u>221</u>	<u>Gladstone Commercial Corp</u>	<u>427</u>	<u>Vishay Intertechnology Inc</u>
<u>1572</u>	<u>Helix Energy Solutions Group Inc</u>	<u>36</u>	<u>Vishay Precision Group Inc</u>
<u>29</u>	<u>K12 Inc</u>		

SECURITIES SOLD:

BMO October

<u>1</u>	<u>ACCO Brands Corp</u>	<u>383</u>	<u>MSG Networks Inc</u>
<u>124</u>	<u>Allete Inc</u>	<u>273</u>	<u>National Storage Affiliates Trust</u>
<u>565</u>	<u>American Assest Trust Inc</u>	<u>179</u>	<u>PNM Resources Inc</u>
<u>1153</u>	<u>American Axle & Manufacturing</u>	<u>3948</u>	<u>Rudolph Technologies Inc</u>
<u>1103</u>	<u>Amkor Technology Inc</u>	<u>701</u>	<u>Ryder Systems Inc</u>

<u>146</u>	<u>Argo Group International Holdings</u>	<u>760</u>	<u>Stag Industries Inc</u>
<u>332</u>	<u>Cooper-Standard Holdings Inc</u>	<u>838</u>	<u>Steelcase Inc</u>
<u>552</u>	<u>Domtar Corp</u>	<u>193</u>	<u>Tech Data Corp</u>
<u>381</u>	<u>Insight Enterprises Inc</u>	<u>50</u>	<u>Unifirst Corp/MA</u>
<u>622</u>	<u>Investors Bancorp Inc</u>	<u>91</u>	<u>Vera Bradley Inc</u>
<u>715</u>	<u>KB Home</u>	<u>38</u>	<u>Walker & Dunlop Inc</u>

Twin September

<u>50</u>	<u>Abbvie Inc</u>	<u>150</u>	<u>Host Hotels & Resorts Inc</u>
<u>50</u>	<u>Accenture PLC</u>	<u>130</u>	<u>Intel Corp</u>
<u>50</u>	<u>Aecom</u>	<u>110</u>	<u>Invitation Homes Inc</u>
<u>50</u>	<u>Agilent Technologies Inc</u>	<u>30</u>	<u>Jazz Pharmaceuticals PLC</u>
<u>50</u>	<u>Alaska Air Group Inc</u>	<u>50</u>	<u>Johnson & Johnson</u>
<u>30</u>	<u>Alexion Pharmaceuticals Inc</u>	<u>50</u>	<u>JPMorgan Chase & Co</u>
<u>100</u>	<u>Ally Financial Inc</u>	<u>200</u>	<u>Kimco Realty Corp</u>
<u>70</u>	<u>Altice USA Inc</u>	<u>30</u>	<u>Linde PLC</u>
<u>30</u>	<u>Amgen Inc</u>	<u>50</u>	<u>LPL Financial Holdings Inc</u>
<u>110</u>	<u>Annaly Capital Management Inc</u>	<u>50</u>	<u>LyondellBasell Industries NV</u>
<u>100</u>	<u>Apple Inc</u>	<u>110</u>	<u>Marathon Oil Corp</u>
<u>140</u>	<u>AT&T Inc</u>	<u>50</u>	<u>McKesson Corp</u>
<u>50</u>	<u>Athene Holding Ltd</u>	<u>50</u>	<u>Merck & Co Inc</u>
<u>50</u>	<u>Automatic Data Processing Inc</u>	<u>50</u>	<u>Micron Technology Inc</u>
<u>330</u>	<u>Bank of America Corp</u>	<u>150</u>	<u>Microsoft Corp</u>
<u>50</u>	<u>Baxter International Inc</u>	<u>50</u>	<u>Mondelez International Inc</u>
<u>30</u>	<u>Berkshire Hathaway Inc</u>	<u>50</u>	<u>National Instruments Corp</u>
<u>50</u>	<u>Best Buy Co Inc</u>	<u>80</u>	<u>Newmont Goldcorp Corp</u>
<u>20</u>	<u>Boeing Co</u>	<u>100</u>	<u>News Corp</u>
<u>50</u>	<u>Booz Allen Hamilton Holding Co</u>	<u>30</u>	<u>Norfolk Southern Corp</u>
<u>50</u>	<u>Bristol-Myers Squibb Co</u>	<u>100</u>	<u>OGE Energy Corp</u>
<u>70</u>	<u>CBRE Group Inc</u>	<u>80</u>	<u>Old Republic International Corp</u>
<u>40</u>	<u>Chevron Corp</u>	<u>70</u>	<u>Oracle Corp</u>
<u>60</u>	<u>Chimera Investment Corp</u>	<u>30</u>	<u>O'Reilly Automotive Inc</u>
<u>50</u>	<u>Choice Hotels International Inc</u>	<u>50</u>	<u>Pepsico Inc</u>
<u>50</u>	<u>Ciena Corp</u>	<u>100</u>	<u>Pfizer Inc</u>
<u>60</u>	<u>Cisco Systems Inc</u>	<u>50</u>	<u>Phillips 66</u>
<u>90</u>	<u>Citigroup Inc</u>	<u>50</u>	<u>Premier Inc</u>
<u>80</u>	<u>Coco-Cola Co</u>	<u>100</u>	<u>Proctor & Gamble Co</u>
<u>50</u>	<u>Cognizant Technology Solutions</u>	<u>50</u>	<u>Prologis Inc</u>

<u>60</u>	<u>Comcast Corp</u>	<u>70</u>	<u>Public Service Enterprise Group</u>
<u>70</u>	<u>Conocophillips</u>	<u>100</u>	<u>Pultegroup Inc</u>
<u>50</u>	<u>Copart Inc</u>	<u>40</u>	<u>Raytheon Co</u>
<u>50</u>	<u>Crown Castle International Corp</u>	<u>50</u>	<u>Robert Half International Co</u>
<u>60</u>	<u>Domtar Corp</u>	<u>50</u>	<u>Ross Stores Inc</u>
<u>50</u>	<u>Dover Corp</u>	<u>40</u>	<u>S&P Global Inc</u>
<u>50</u>	<u>Dow Inc</u>	<u>50</u>	<u>Salesforce.com Inc</u>
<u>50</u>	<u>Dupont De Nemours Inc</u>	<u>30</u>	<u>Starbucks Corp</u>
<u>50</u>	<u>East West Bancorp Inc</u>	<u>50</u>	<u>Steris PLC</u>
<u>70</u>	<u>Ebay Inc</u>	<u>50</u>	<u>Texas Instruments Inc</u>
<u>50</u>	<u>EOG Resources Inc</u>	<u>50</u>	<u>Tyson Foods Inc</u>
<u>90</u>	<u>Exelon Corp</u>	<u>50</u>	<u>Under Armour Inc</u>
<u>30</u>	<u>Expedia Group Inc</u>	<u>30</u>	<u>United Technologies Corp</u>
<u>50</u>	<u>Expeditors International of WA</u>	<u>50</u>	<u>Unitedhealth Group Inc</u>
<u>50</u>	<u>Exxon Mobil Corp</u>	<u>100</u>	<u>Verizon Communications Inc</u>
<u>40</u>	<u>Facebook Inc</u>	<u>50</u>	<u>Visa Inc</u>
<u>120</u>	<u>First Energy Corp</u>	<u>60</u>	<u>Vistra Energy Corp</u>
<u>50</u>	<u>First Solar Inc</u>	<u>50</u>	<u>Walgreens Boots Alliance Inc</u>
<u>50</u>	<u>FMC Corp</u>	<u>40</u>	<u>Walmart Inc</u>
<u>50</u>	<u>General Motors Co</u>	<u>50</u>	<u>Walt Disney Co</u>
<u>80</u>	<u>Hawaiian Electric Industries Inc</u>	<u>50</u>	<u>Wells Fargo & Co</u>
<u>30</u>	<u>Honeywell International Inc</u>	<u>70</u>	<u>Williams-Sonoma Inc</u>

The Board unanimously approved the following new members:

Joshua Morris, Principle Planner, start date 09/20/2019 (replaces Susan Fletcher)

Georgia Wilson, Staff Planner, start date 09/23/2019 (replaces Erin Schaeffer)

Barbara Linares, HRMS Teacher Aide, start date 10/8/2019 (replaces Matthew Kidney)

Mara, Bettencourt, Highlands Teacher Aide, start date 10/28/2019 (replaces Jillian McCarthy)

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

The Board unanimously approved the retirement of Lisa Dean, G.O. Library Aide, Superannuation Opt. B, effective 12/21/2019 **(Vote: Cory Grace motioned with Mike Hagan seconding and the Board unanimously approving).**

The Board unanimously approved the potential Buyback of 5 years Call Firefighter time fbo Steven Belakonis, Approximate cost will be \$8,621.62. **(Vote: Steve Swanson motioned with Joe Collins seconding and the Board unanimously approving).**

APPROVALS received from PERAC: **None**

The Board unanimously approved the following refunds:

Direct Refund fbo **Brenna Kenney**, totaling \$1,167.02, with 8 mons C/S.
(**Vote: Mike Hagan motioned with Cory Grace seconding and the Board unanimously approving**).

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

- Funded Ratios. Rodney explained Danvers funding is in the middle of the typical eight systems we compare against.

The Board reviewed RFP proposals for Financial Audit Services and unanimously approved hiring Melanson pending PERAC acknowledgement. (**Vote: Joe Collins motioned with Steve Swanson seconding and the Board unanimously approving**).

The Board reviewed and unanimously approved Wayne Marquis signing the MOU regarding the Electric payment of its unfunded liability. (**Vote: Steve Swanson motioned with Joe Collins seconding and the Board unanimously approving**).

The Board reviewed and unanimously approved an amended teacher aide by-law and a new BCBA and Behavioral Technician by-law allowing these school year positions membership in the Danvers system. (**Vote: Joe Collins motioned with Steve Swanson seconding and the Board unanimously approving**).

By-law amendment for Board Certified Behavioral Analyst (District BCBA or BCBA) (school year) and Behavior Specialist/technician (school year)

In response to a request for membership in the Danvers Retirement System for the two positions named above, the Board is considering an amendment to the Teacher Aide Bylaw adding "**Be classified as a permanent employee**" and to so permit Board Certified Behavioral Analyst (District BCBA or BCBA) and Behavior Specialist/technician membership in the Danvers Contributory Retirement System.

Teacher Aide By-law

An applicant for consideration for membership must:

1. be regularly employed for 20 hours or more each week
2. **Be classified as a permanent employee**
3. be regularly employed with a stated hourly or yearly rate of compensation

Notwithstanding the foregoing, teacher aides who are regular employees, working a full school year for a minimum of 20 hours or more each week and are permanent employees with a stated hourly or yearly rate of compensation shall be eligible for membership. Failure to comply with any of the foregoing criteria shall render the individual ineligible for membership. Excluded from membership are teacher aides who are employed on a one-year basis.

**Board Certified Behavioral Analyst (District BCBA or BCBA) and Behavior Specialist/technician
By- law**

An applicant for consideration for membership must:

1. Be regularly employed for 20 hours or more each week
2. Be classified as a permanent employee
3. Be regularly employed with a stated or yearly rate of compensation

Notwithstanding the foregoing, Board Certified Behavioral Analysts (“BCBAs”) and Behavior Specialist/technicians who are regular employees, working a full school year for a minimum of 20 hours or more each week and are permanent employees with a stated hourly or yearly rate of compensation shall be eligible for membership. Failure to comply with any of the foregoing criteria shall render the individual ineligible for membership. Excluded from membership are teacher aides, Board Certified Behavioral Analyst (District BCBA or BCBA) and Behavior Specialist/technician_who are employed on a one-year basis.

Eligibility for membership in the Massachusetts Teachers Retirement System shall render the individual ineligible for membership in the Danvers Retirement System.

The Board unanimously approved the following transfers:

Trans. to Middlesex Ret. Fbo **Rebecca Crockett** (Library employee), totaling \$18,422.56 with 3 yrs. 7 months C/S (2 yrs. 7 mons Danvers liability).

Trans. to Medford Ret. Fbo **Eric Greenberg** (BCBA), totaling \$13,423.11 with 1 yr. 11 months C/S. **(Vote: Joe Collins motioned with Mike Hagan seconding and the Board unanimously approving).**

Due to time constraints Cliff White and Isabelle Eckel of MS/Graystone did not have time to update the Board on portfolio performance, Investment Policy and other items of interest. Cliff did give the written report to the Board for their review.

The Board reviewed and unanimously approved, based on Graystone recommendation, the investment of excess cash into the Rhumblin S&P account (Elec \$4,131,369, \$2.1Mill. excess, \$112K excess, \$182K excess for a total of \$6,525,369). **(Vote: Steve Swanson motioned with Joe Collins seconding and the Board unanimously approving).**

The Board reviewed and unanimously approved, based on Graystone recommendation, rebalancing the portfolio by pulling \$8 Million from the Rhumblin S&P account and investing it in the Eagle Capital account pending PERAC approval and a contract being signed; pulling \$10 Million for Barings and investing \$2 Million with BMO, \$6 Million with PRIT International and \$2 Million with PRIT Emerging. **(Vote: Joe Collins motioned with Steve Swanson seconding and the Board unanimously approving).**

Meeting Adjourned: 5PM (**Joe Collins motioned with Cory Grace seconding and Board unanimously approving**).

NEXT MEETING: November 20, 2019 @ 3PM

Joseph Collins, Elected Member

Michael Hagan, Elected Member

Corinna Grace, Ex-Officio Member

Wayne P. Marquis, Chairman

Stephen Swanson, Fifth Member