

Regular Meeting – February 22, 2017

The Taunton Retirement Board (the “Board”) met at 1:00 p.m. today at 104 Dean Street, Suite 203, Taunton, MA with Chairperson Ann Marie Hebert presiding and board members Gill E. Enos, Dennis M. Smith, Peter H. Corr, and Barry J. Amaral in attendance.

Roll Call

All members were present at the 1:00 p.m. roll call.

Also present were:

Paul J. Slivinski, Executive Director

Greg McNeillie, Dahab Associates investment consultant

Minutes –from the January 25, 2017 regular meeting.

On the motion by Smith, seconded by Enos, it was unanimously

VOTED: to approve the minutes.

VOTE: 5-0-0

Warrants –#10 to #15 for 2017.

On the motion by Smith, seconded by Enos, it was unanimously

VOTED: to approve the warrants.

VOTE: 5-0-0

New members of the system to date:

- Michael Kelsey, TMLP, Group 4, 9+2%
- Daniel Williams, Police, Group 4, 9+2%
- Carlos Batista, School, Group 1, 9+2%
- Bradley Kerrigan, Fire, Group 4, 9+2%
- Michael Ricardo, TMLP, Group 4, 9+2%
- Anthony Melito, Fire, Group 4, 9+2%
- Joshua Levesque, Police, Group 4, 9+2%
- Bryan Chaves, Police, Group 4, 9+2%
- Juno Gomes, TNH, Group 1, 9+2%
- Louise Stegnick, TNH, Group 1, 9+2%
- Laura Lafortune, TNH, Group 1, 9+2%
- Diana Quiles, GATRA, Group 1, 9+2%
- Michael Goldrick, Police, Group 1, 9+2%
- James Kelleher, School, Group 1, 9+2%

On the motion by Smith, seconded by Enos, it was unanimously

VOTED: to approve new members.

VOTE: 5-0-0

Refunds/transfers subject to D.O.R. liens:

- Edward Overby (TNH)

On the motion by Smith, seconded by Corr, it was unanimously

VOTED: to approve refunds/transfers.

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VOTE: 5-0-0

Retirement/survivorship applications:

- Phyllis Harraghy, TNH, Group 1, Superannuation, 3/3/17
- Veronica Terra, widow of Francis Terra who retired for accidental disability on 4/30/75 and died on 1/19/17 of causes related to his disability. Review petition from Mrs. Terra for section 9 accidental death benefits.
- Dominic Damiano (TMLP) Superannuation, Group 4, 2/14/17

On the motion by Smith, seconded by Amaral, it was unanimously

VOTED: to approve the retirements and Section 9 accidental death for Veronica Terra subject to final review by PERAC.

VOTE: 5-0-0

Deaths

- Jean Pagliuca (School) Superannuation Option A, deceased 01/21/2017
- John Moitoso (Housing Authority) Superannuation Option C survivorship to Mary Moitoso. Deceased 02/09/2017.
- Norman Smith (Surv. of Rosemary Smith) deceased 2/1/17
- Robert Cesarini (School) Superannuation Option A, deceased 2/14/17
- Francis Shea (TMLP) Superannuation Option A, deceased 2/21/17
- Robert Kullas (DPW-Bldg.) Superannuation Option B, deceased 2/21/17
- Joan Curran – Option C Survivor, deceased 2/16/17

On the motion by Smith, seconded by Enos, it was unanimously

VOTED: to acknowledge deaths and place on file.

VOTE: 5-0-0

Make-up/redeposits and liability for creditable service:

- Eric Andrade, Park and Rec, 10/11/2008 to 8/25/2013, 1 year, 7 months, 4 days

On the motion by Smith, seconded by Enos, it was unanimously

VOTED: to approve makeups/redeposits and grant creditable service.

VOTE: 5-0-0

PERAC Memo's and correspondence:

- #10/2017 – Domestic Relations Orders
- #11/2017 – 2017 Annuity Savings Account
- #12/2017 – 2017 Interest Rate set at 0.1%
- #13/2017 – Administrators are Encouraged to Attend PERAC Training

On the motion by Smith, seconded by Enos, it was unanimously

VOTED: to receive and place on file.

VOTE: 5-0-0

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Investments & accounting:

- Accounting reports for m/e 12/31/2016: Bristol County Savings Bank Checking account statement and reconciliation as of 12/31/2016. After the Board's full review of all reports, it was voted as follows:

On the motion by Smith, seconded by Enos, it was unanimously

VOTED: to approve the accounting reports and bank statement & reconciliation.

VOTE: 5-0-0

- Investments Purchased (\$18,782,909.97) and Sold \$18,688,881.73 for m/e 12/31/2016.

On the motion by Smith, seconded by Enos, it was unanimously

VOTED: to approve all investment purchases & sales for December 2016.

VOTE: 5-0-0

Funding & Budget requests:

- Budget expenditures thru m/e 12/31/2016.

On the motion by Amaral, seconded by Corr, it was unanimously

VOTED: to approve the budget expenditures thru m/e 12/31/16.

VOTE: 5-0-0

Travel, Education & Conferences:

- The Board reviewed appointing delegates to the 2017 NCPERS Annual Conference.

On the motion by Amaral, seconded by Enos, it was unanimously

VOTED: to appoint members Hebert and Smith as delegates.

VOTE: 5-0-0

Legal matters:

- Legal expenses of \$4,867.00 for m/e 01/31/2017 for Atty. Michael Sacco.

On the motion by Corr, seconded by Smith, it was unanimously

VOTED: to approve the legal expenses for m/e 01/31/2017.

VOTE: 5-0-0

Email / Electronic Correspondence: There was none.

Executive Director's report:

Ex. Dir. Slivinski informed the Board that he would be soon conducting seminars for Assessor's Dept. who is hosting Bristol County Assessors on March 23, 2017 and for the Housing Authority and Nursing Home.

Also a newsletter will be drafted to go out in the Spring/Summer 2017 and Board members were encouraged to provide any ideas or topics.

Finally re: Public Records requests – the system website has been updated listing Ex. Director Slivinski as the Records Access Officer. Minutes, agenda's and annual reports will soon be uploaded.

EXECUTIVE SESSION: There were none.

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OLD BUSINESS:

The Board and Ex. Director discussed update for the School Dept. Groundskeeper & Custodians - job duties. The Board members would like to see the written/revised job descriptions and would encourage the School Dept. officials to also incorporate increased lifting requirements for Cafeteria workers up to 50 lbs. if at all possible. Also the Board confirmed that any change to job descriptions with increase in lifting requirements would only apply to new hires and current employees be grandfathered.

The Board reviewed past policy on re-voting the chair after elections/re-appointments and/or adding a vice-chairperson. No action was taken on re-voting chair until after the next election. The Board was inclined to add a vice-chair to act in the absence of the chair.

On the motion by Corr, seconded by Amaral, it was unanimously

VOTED: to appoint member Smith as the vice-chairperson.

VOTE: 5-0-0

NEW BUSINESS:

The Board reviewed May 2017's meeting which conflicts with the NCPERS conference and agreed to change the meeting to May 31, 2017 at 1:00 p.m.

Member Amaral asked for update conversion to PTG pension software. Ex. Director stated there are still issues being worked on but hopefully will be resolved soon.

Ex. Director requested replenishment of petty cash account and approval of invoices #259-261.

On the motion by Smith, seconded by Enos, it was unanimously

VOTED: to approve petty cash invoices #259-261 and to replenish account up to \$150.

VOTE: 5-0-0

General Business:

The Board met with Greg McNeillie of Dahab Associates to discuss investment related matters.

Public Record request for investment information

The Board received two public record requests for information on the system's alternative investments from Bloomberg and Prequin. These were directed to Mr. McNeillie to respond accordingly.

Weaver-Barksdale & Associates – large-cap value equity

The Board reviewed opinion from legal counsel that the investment documents were in compliance with PERAC investment regulations and that UBTI needs to be verified that it will not be generated. Ex. Director reported that the contract and side-letter agreement has been agreed upon and final documents should arrive at the office for signature soon. Upon signature by the chairperson, the account will be funded by liquidating \$21 million from SSgA S&P500 Flagship NL Fund. Ex. Director also will check with Weaver-Barksdale on UBTI issues.

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PERAC Memo #13/2017 – annual vendor disclosures

The Board and Mr. McNeillie discussed obtaining copies from all investment managers of the annual vendor disclosures sent to PERAC. According to memo #13/2017, receipt of these disclosures must be acknowledged at a meeting of the retirement board and recorded in the minutes. Mr. McNeillie will remind all managers that a copy must be submitted to the retirement board.

Manager contract expiration dates – RFP schedule

The Board and Mr. McNeillie discussed the issue of updating a schedule for the procurement of investment-related services for managers who reach the seven (7) year limit on a contract. Mr. McNeillie will work on a schedule and present this to the retirement board at a future meeting.

Small-cap passive index funds and Multi-asset class index funds

The Board and Mr. McNeillie discussed the small-cap passive index funds from the last board meeting. Mr. McNeillie stated he was in touch with PERAC about issuing an RFP for multi-asset class index funds for small-cap, mid-cap, large-cap, international equity, and emerging markets. These index funds would augment the active managers who are benchmarked against these indexes and provide the Board with flexibility to invest in the index funds if an active manager is not performing up to par. Therefore no action was taken to approve a small-cap equity index fund at this time. Instead, Mr. McNeillie will work on drafting an RFP for multi-asset class index funds.

Small-cap managers Aberdeen Asset Mgmt. and Quantitative Mgmt. Associates (QMA)

PERAC acknowledgement letters have been received to hire Aberdeen & QMA. Contract docs are currently being reviewed by legal counsel. Upon signature of contracts, funding is to come from current small-cap manager, Daruma Capital Mgmt., and also by trimming assets from Polen Capital Mgmt. Mr. McNeillie recommended investing the proceeds from Daruma & Polen as follows: \$14 million each with Aberdeen & QMA for total allocation of \$28 million to small-cap equity.

On the motion by Enos, seconded by Smith, it was unanimously

VOTED: to terminate Daruma Capital Mgmt. and to have them liquidate all assets by March 30, 2017 and to liquidate the balance needed for investment with Aberdeen & QMA from large-cap equity growth manager Polen Capital Mgmt.

VOTE: 5-0-0

Performance Evaluation q/e & ytd 12/31/2016

Mr. McNeillie provided the Board with the investment performance evaluation as of 12/31/2016. The assets returned +.8% vs. +1.2% policy index for the quarter and +7.0% vs. +8.6% policy index for the year-ended 12/31/2016. All managers were reviewed versus their respective benchmarks. The main detractors from performance with Daruma Capital Mgmt. small-cap equity; Polen Capital Mgmt., large-cap growth equity; and Glovista Investments-emerging market equity. Asset allocation was reviewed along with the impact of the index returns vs. active management. No further action was taken by the Board at this time.

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There being no further business to come before the Board, it was voted to adjourn at 2:45 p.m.

APPROVED BOARD OF RETIREMENT

Ann Marie Hebert, Ex-Officio, Chairperson

Paul J. Slivinski, Executive Director

Dennis Smith, Elected Member

Barry Amaral, Appointed Member

Peter H. Corr, Elected Member

Gill E. Enos, Appointed