

**Regular Meeting – June 28, 2017**

The Taunton Retirement Board (the “Board”) met at 11:10 a.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 11:10 a.m. roll call.

Also present were:

Paul J. Slivinski, Executive Director

Atty. Christopher Collins-retirement board attorney

Atty. Russell Luiz, attorney for Debra Rose

Debra Rose-applicant

Gregory McNeillie, Dahab Associates, Investment consultant

**REGULAR BUSINESS:**

**Minutes** –from the May 31, 2017 regular meeting.

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

**VOTED:** to approve the minutes.

VOTE: 5-0-0

**Warrants** – #45 to #55 for 2017.

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

**VOTED:** to approve the warrants.

VOTE: 5-0-0

**New members** of the system to date:

- Jon Higgins, GATRA, Group 1, 9+2%
- John F. Bourgault, Jr., Fire/E911, Group 1, 9+2%
- Daniel Bettencourt, Fire/E911, Group 1, 9+2%
- Alex Paul, Fire/E911, Group 1, 9+2%
- Harrison McNeil, Police, Group 4, 9+2%
- Michael Breen, Police, Group 4, 9+2%
- Michael Higgins, Police, Group 4, 9+2%
- Zachary, McGuire, Fire/E911, Group 1, 9+2%

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

**VOTED:** to approve New Members.

VOTE: 5-0-0

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

- Deborah McDavitt (TNH)
- Andrea Cabrera (TNH)
- Maria Damaso (School)

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

**VOTED:** to approve the Refunds & Transfers.

VOTE: 5-0-0

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**Retirement/survivorship** applications:

- Francis Pereira (TMLP) Superannuation, Group 4, 08/06/2017
- David Cahill (Police) Superannuation, Group 4, 07/22/17
- Michael A. Morais (Police) Superannuation, Group 4, 07/31/17
- Lori Holmes-Smith (School) Superannuation, Group, 09/09/17
- Barbara Smith, widow of William Smith who retired for accidental disability and died on unrelated causes on 6/18/17 – Section 101 Survivorship \$1,000/month.

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

**VOTED:** to approve the Retirements & Survivorships.

VOTE: 4-0-1 (member Smith abstaining on Lori Holmes-Smith)

**Deaths**

- Buote, Victor (TMLP) deceased 5/8/17. Option A.
- Slavick, Stanley (TMLP) deceased 5/22/17. Option A.
- Treano, Rosalina (School) deceased 4/8/17. Option B funds depleted.
- Smith, William (DPW) deceased 6/18/17. Option B funds depleted.

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

**VOTED:** to acknowledge deaths and place on file.

VOTE: 5-0-0

**Make-up/redeposits** and liability for creditable service:

- Ann Young (School Dept.) 10/1/1985 to 06/30/1988, part-time, 2 years, 3 mos. Currently a member of the Mass. Teachers Retirement System.

**PERAC** Memo's and correspondence:

- PERAC Memo #18/2017 – Tobacco Company List
- PERAC Memo #19/2017 – PROSPER System Changes
- PERAC Memo #20/2017 – Application of New Public Records Law on Local, County & Regional Retirement Boards

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

**VOTED:** to receive and place on file all memo's.

VOTE: 5-0-0

**Investments** & accounting:

- Accounting reports for m/e 04/30/2017 - Trial Balance, Cash Receipts & Disbursements, and Journal Entries. Also Bristol County Savings Bank Checking account statement and reconciliation as of 04/30/2017. After the Board's full review of all reports, it was voted as follows:

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

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

VOTE: 5-0-0

- Investments Purchased (\$56,870,392.49) & Sold \$60,614,849.28 for m/e 04/30/2017

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

**VOTED:** to approve the purchases and sales.

VOTE: 5-0-0

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- FY2017 Pension Appropriation \$3,744,511.00 for q/e 6/30/17 due from City of Taunton  
On the motion by Enos, seconded by Corr, it was unanimously

**VOTED:** to invest the appropriation in the money market account at State Street Bank.

VOTE: 5-0-0

**Funding & Budget requests:** there were none.

**Travel, Education & Conferences:**

The Board reviewed the NCPERS travel report as follows:

**NCPERS Conference: May 20-25, 2017**

Board Members Hebert, Enos & Smith, Ex. Director Slivinski and Admin. Ass't. Medeiros recently attended the NCPERS Conference from May 20-25, 2016 in Hollywood, FL. Attendees took part in retirement and investment education offered by NCPERS. The Board's travel policy incorporates an emphasis on continuing education that is encouraged as a way to make sure the board members and staff holding positions of responsibility for the plan's viability are well informed and will be able to do their utmost to make sound decisions when challenged. A summary of topics covered were as follows:

NCPERS Annual Trustee Educational Seminar (TEDS) attended by member Enos. Certificate granted based on the following: History & Mechanics of the Defined Benefit Plan; Fund Structure: Investment Policy Statement, Asset Allocation & Benchmarking; Investments 101: Fixed Income & Public Equities; Investments 201: Alternatives; Investment Summary & Implementation; The Asset Allocation Challenge; The Consultants' Role; What to Expect from Your Auditor; and Laws that Every Trustee should know.

NCPERS Annual Conference & Exhibition 2017-Education received on the following: Role & Functions of an Investment Consultant; Recent Legal Developments; Retirement Planning for Trustees; Outsourced Chief Investment Officer; Plans for Risk Management; ESG Investing; Actuarial Issues A to Z; Cyber Liability Insurance; Investment Opportunities in Private Markets; Social Media 101; Global Economic Update; The Trump Effect-a panel discussion; Active vs. Passive Investing; Overseeing the Implementation of an Investment Strategy; Regulatory update-developments from IRS, DOL & SEC affecting Gov't Plans; Fiduciary Liability Insurance; Pursuing Securities Fraud Claims; Why and How to invest in Real Estate; New Sources for State Pension Advocacy; Secure Choice plans; Artificial Intelligence-how Tech Innovation is transforming the world and generating investment returns; Economic Consequences of Prevailing Pension Reforms; Natural Resource Investing; Ethical Considerations for Trustees; Understanding Real Assets; Approaches to Pairing Contribution Stability and Funding Adequacy; Fixed Income in an Environment of Unknowns; and Preparing for Deregulation. Also NCPERS business meeting, conference resolutions and networking activities.

All Attendees reported that the programs were well presented. The interaction with professionals from all investment management styles was most beneficial. The subjects covered will assist in the fulfillment of fiduciary responsibilities.

**Legal matters:**

- Review legal expenses of \$4,679.00 for m/e 05/31/2017 for Atty. Michael Sacco.

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

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**VOTED:** to approve the legal expenses.

VOTE: 5-0-0

**Email / Electronic Correspondence:** there was none.

**Executive Director's report:**

Ex. Director reported that the PERAC PROSPER system has added a component for Disability processing in addition to Compliance Issues. All board members practiced logging into their PROSPER account via a tablet. Eventually all board members will have to electronically sign various forms to process vendor selection and disability approvals etc. etc.

Ex. Director reported that Dan Sherman of Sherman Actuarial Services has completed the GASB 68 report as of 12/31/2016 and an audit by Hague, Sahady & Co. has been scheduled for the week of July 10-13<sup>th</sup> to audit the report.

**OLD BUSINESS:** there was none.

**NEW BUSINESS:** there was none.

The Board and Atty. Chris Collins met to conduct a pre-review of the medical panel reports (2<sup>nd</sup> panel) for Debra Rose.

**Executive Session:**

At 11:50 a.m., Chairperson Hebert entertained a motion by Enos, seconded by Smith to go into Executive Session pursuant to M.G.L. c. 30A, s. 21(a)(3) to discuss the medical panel reports on Debra Rose. The Board noted that it would reconvene in open session following the executive session. VOTE: 5-0-0

A roll call vote was taken and recorded as follows: Member Amaral "YES"; Member Enos "YES"; Member Corr "YES"; Member Hebert "YES"; Member Smith "YES"

*(The minutes of the executive session are kept in a separate minute book)*

**Open Session 12:00 p.m.**

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

**VOTED:** to record votes from executive session in open session.

VOTE: 5-0-0

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

**VOTED:** to table taking any action on the disability application and the medical panel reports for Debra Rose and have the Board's attorney send a request to the medical panel physicians to address various questions.

VOTE: 5-0-0

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**Investment-related matters – Dahab Associates**

The Board met with investment consultant Greg McNeillie to discuss investment-related matters as follows:

The Board and Mr. McNeillie discussed performance thru q/e 03/31/17. All managers are performing within their guidelines and benchmarks. The portfolio return +4.5% for the quarter versus the policy index of +4.3%.

The Board and Mr. McNeillie reviewed draft changes to the Investment Policy Statement that incorporates multi-asset class passive index funds. After review and discussion, the Board voted as follows:

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

**VOTED:** to add multi-asset class passive index funds to supplement active managers.

VOTE: 5-0-0

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

**VOTED:** to reduce from 5% to 0% the policy index for private equity investments.

VOTE: 5-0-0

The following is an excerpt from the amended investment guidelines:

The asset management structure at market value is currently as follows:

	<u>Target</u>	<u>MINimum</u>	<u>MAXimum</u>
<b>Domestic Stocks</b>	<b>49.0%</b>	<b>40.0%</b>	<b>60.0%</b>
<u>Large Cap:</u>	<u>25.0%</u>	<u>15.0%</u>	<u>35.0%</u>
* State Street Global Advisors (Passive)	10.0	5.0	15.0
Weaver C Barksdale. (Active LCV)	7.5	5.0	10.0
Polen Capital Mgmt. (Active LCG)	7.5	5.0	10.0
<u>Mid Cap:</u>	<u>12.0%</u>	<u>10.0%</u>	<u>15.0%</u>
* TBD Passive Mid Cap	2.0	0.0	4.0
Wells Capital (Active MCV)	5.0	3.0	7.5
Victory Capital (Active MCG)	2.5	0.0	5.0
* Frontier Capital (Active MCG)	2.5	0.0	5.0
<u>Small Cap:</u>	<u>12.0%</u>	<u>10.0%</u>	<u>15.0%</u>
* TBD Passive Small Cap	2.0	0.0	4.0
* Aberdeen (Active SC)	5.0	3.0	7.5
* QMA (Active SC)	5.0	3.0	7.5
<b>Private Equity/Venture Capital</b>	<b>0.0%</b>	<b>0.0%</b>	<b>5.0%</b>
* Boston Millennia Partners (Closed)	n/a	0.0	n/a

* Boston Millennia Partners II (Closed)	n/a	0.0	n/a
* INVESCO Partnership Fund IV (Closed)	n/a	0.0	n/a
* Blackrock Vesey Street Fund IV (Closed)	n/a	0.0	n/a
<b>Domestic/Int'l Bonds</b>	<b><u>20.0%</u></b>	<b><u>15.0%</u></b>	<b><u>30.0%</u></b>
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<u>Domestic Bonds:</u>	<u>17.0%</u>	<u>10.0%</u>	<u>30.0%</u>
Weaver C Barksdale (Core)	6.0	2.5	10.0
C.S. McKee (Core)	6.0	2.5	10.0
* Manulife Financial (Core-Plus)	5.0	2.5	7.5
<u>Int'l Bonds:</u>	<u>3.0%</u>	<u>0.0%</u>	<u>6.0%</u>
* Brandywine Int'l Bond	3.0	0.0	6.0
<b>International Stocks</b>	<b><u>16.0%</u></b>	<b><u>10.0%</u></b>	<b><u>20.0%</u></b>
* TBD Passive EAFE	3.0	0.0	5.0
* Vontobel Asset Mgmt. (EAFE Growth)	4.0	2.0	6.0
* Earnest Partners (EAFE Value)	4.0	2.0	6.0
* TBD Passive EM	1.0	0.0	2.0
* Glovista Invest, LLC (Emerging Mkts)	2.0	0.0	4.0
* Denver Investments Advisors (Int'l SC)	2.0	0.0	4.0
<b>Real Assets</b>	<b><u>15.0%</u></b>	<b><u>10.0%</u></b>	<b><u>20.0%</u></b>
<u>Core Real Estate:</u>	<u>4.0%</u>	<u>2.0%</u>	<u>6.0%</u>
* INVESCO Core Real Estate Fund	4.0	2.0	6.0
<u>Core-Plus Real Estate:</u>	<u>4.0%</u>	<u>2.0%</u>	<u>6.0%</u>
* Intercontinental Fund IV (Closed)	0.0	0.0	n/a
* Intercontinental U.S. REIF	4.0	2.0	6.0
<u>Equity Real Estate/REITS</u>	<u>2.0%</u>	<u>0.0%</u>	<u>3.0%</u>
* INVESCO Equity Real Estate Fund	2.0	0.0	3.0
<u>Value-Add Real Estate:</u>	<u>0.0%</u>	<u>0.0%</u>	<u>n/a</u>
* Pyramis FRGF III (Closed)	n/a	n/a	n/a
<u>Timber:</u>	<u>2.0%</u>	<u>0.0%</u>	<u>4.0%</u>
* Molpus Fund III (Closed)	1.0	0.0	n/a
* Timbervest Partners III (Closed)	1.0	0.0	n/a
<u>Agriculture:</u>	<u>2.0%</u>	<u>1.0%</u>	<u>3.0%</u>
* Ceres Partners - Agriculture	2.0	1.0	3.0

\* Denotes Commingled Investment/No Individual Guidelines

### **RFP's – Multi-Asset Class Passive Index Funds**

The Board and Mr. McNeillie reviewed RFP's received. The firms ranked highly advantageous were: Fidelity Investments, Mellon Capital, and State Street Global Advisors.

Those ranked advantageous were: Amalgamated Bank, Charles Schwab, Comerica Bank, and Rhumblin Advisors. After review and discussion of the types of funds offered, organizational characteristics, performance, etc., the board voted as follows:

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

**VOTED:** to select State Street Global Advisors as the multi-asset class index fund manager subject to review by PERAC.

VOTE: 5-0-0

**RFP's – Bank Custodial Services**

The Board and Mr. McNeillie reviewed RFP's received. The firms ranked highly advantageous were: Comerica Bank, People's United Bank, and State Street Bank & Trust Company.

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Those ranked advantageous were: Amalgamated Bank and Wilmington Trust.

After review and discussion, the Board voted as follows:

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

**VOTED:** to invite People's United Bank and State Street Bank & Trust Co. for formal interviews.

VOTE: 5-0-0

Ex. Director requested that Mr. McNeillie provide the current percentage invested in International Equities to be compared against the target policy of 15% because it appears we are under-allocated to this asset class. Mr. McNeillie will forward asap but stated that this target could be reached when allocating funds to the EAFE Int'l. passive index fund.

There being no further business to come before the board, it was voted to adjourn at 1:03 p.m.

**APPROVED BOARD OF RETIREMENT**

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Ann Marie Hebert, Ex-Officio, Chairperson

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Paul J. Slivinski, Executive Director

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Dennis Smith, Elected Member

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Barry Amaral, Appointed Member

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Peter H. Corr, Elected Member

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Gill E. Enos, Appointed Member