

## HAVERHILL RETIREMENT BOARD

**Tuesday, November 12, 2019 9:00AM**

**Haverhill City Hall, Room 303**

The meeting was called to order at: 9:12AM

In attendance: Board Members: William Klueber, James Cleary, Charles Benevento, Gus Aristizabal, Wainwright and David Van Dam (Administrator).

On the phone-remote participation: Lewis Poore

Absent: (Charles Benevento until 10:10AM) and Richard MacDonald

### Investment Manager Update-

9:15AM-9:30AM- IR&M- Jonathan S. Higley- 866-700-7791 PW-2593626

### **Income Research & Management ("IR&M") Core Bond Fund II, LLC ("The Fund")**

*The following information was taken directly from the Investment Managers' presentations to the Haverhill Retirement System on November 12, 2019. This information has not been modified by Wainwright.*

### Fund Performance (as of September 30, 2019):

	<b>YTD</b>	<b>1 Year</b>	<b>3 Year</b>	<b>Since Inception (11/3/15)</b>
IR&M Core Bond Fund II LLC	3.55%	11.21%	12.37%	10.26%
Bloomberg Barclays Aggregate Index	1.42%	5.79%	6.13%	6.18%

### Q3 Recap (as of September 30, 2019):

- Market Themes and Outlook
  - Risk assets were volatile amidst accommodative central bank action, choppy economic data, and trade tensions
  - The Fed cut rates two times, with market expectations of at least one additional cut this year
  - Supply was robust in the quarter, as investment-grade issuers priced \$320 billion
  - Investment-grade corporate spreads were flat and high-yield corporate spreads tightened modestly
  - Interest in ESG increased as clients and consultants contemplate the impact of these factors on their portfolios
  - Geopolitical tension remains a potential risk going forward
- Portfolio Positioning Themes
  - Took advantage of strong demand for corporates early in the quarter and trimmed exposure on strength
  - Maintained a healthy reserve of dry powder, retaining flexibility to be opportunistic

- Risk-taking focused on short and intermediate maturities
- Increased exposure to mortgage-backed securities (MBS), modest overweight relative index
- Overweight senior tranches in both asset-backed securities (ABS) and commercial mortgage-backed securities (CMBS)

### Portfolio Characteristics

Characteristics	IR&M Core Bond Fund II LLC Portfolio (9/30/19)	Bloomberg Barclays Aggregate Index (9/30/19)
Yield (%)	2.38	2.26
Spread to Tsy (bp)	63	46
Effective Duration (yrs)	5.70	5.78
Convexity	0.56	0.30
Number Of Issues	358	10,904
Average Quality (M/S&P)	Aa2/AA-	Aa2/AA

Ratings Distribution (%)		
Aaa	67.9	72.0
Aa	1.8	3.5
A	11.0	10.7
Baa	18.7	13.9
Ba	0.4	0.0
Cash	0.3	0.0
Total	100.0	100.0

Sector Distribution (%)	IR&M Core Bond Fund II LLC Portfolio (9/30/19)	Bloomberg Barclays Aggregate Index (9/30/19)
<b>Government</b>	<b>27.5</b>	<b>41.0</b>
Treasury	23.5	39.8
Agency	0.0	1.1
Govt Guaranteed	4.0	0.2
<b>Credit</b>	<b>29.8</b>	<b>29.0</b>
Finance	10.4	8.0
Industrial	15.8	15.3
Utility	3.4	1.9
Credit Non-Corporate	0.2	3.9
<b>Securitized</b>	<b>41.0</b>	<b>29.3</b>
RMBS	1.6	0.0
Agency RMBS	26.9	26.8
ABS	6.8	0.5
CMBS	5.7	1.2
Agency CMBS	0.0	0.8
<b>Municipal</b>	<b>1.4</b>	<b>0.6</b>
GO	0.3	0.2
Revenue	1.0	0.4
<b>Cash</b>	<b>0.3</b>	<b>0.0</b>
Total	100.0	100.0

9:30AM-9:45AM- StepStone- Amy Stone & Marc Rivitz- 216-522-0097

### Stepstone Real Estate ("Stepstone") International Partnership Fund I ("The Fund")

The following information was taken directly from the Investment Managers' presentations to the Haverhill Retirement System on November 12, 2019. This information has not been modified by Wainwright.

## Fund Performance (as of March 31, 2019):

	Q1	1 Year	TVPI
Real Estate International Partnership Fund I (Gross)	1.72%	-3.62%	1.21x
Real Estate International Partnership Fund I (Net)	0.92%	-6.23%	1.06x
NCREIF Property Index	1.70%	6.89%	n/a
			IRR
Real Estate International Partnership Fund I (Gross)			3.10%
Real Estate International Partnership Fund I (Net of Fees)			1.03%

## Account Summary (as of June 30, 2019):

**MFIRE CAYMAN L.P.**  
**STATEMENT OF CHANGES IN PARTNER'S EQUITY**  
For the Six Months Ended June 30, 2019

Haverhill Retirement System	Contributed Capital	Syndication Cost	Accumulated Deficit	Distributed Capital	Total Partner's equity
Partner's equity at January 1, 2019	\$ 2,339,535	\$ (6,543)	\$ 148,649	\$ (1,943,744)	\$ 537,897
Increase in partner's equity from operations:					
Net investment loss before management fee	-	-	(2,054)	-	(2,054)
Management fee	-	-	(7,694)	-	(7,694)
Net realized gain (loss) on investments	-	-	58,787	-	58,787
Net change in unrealized appreciation on investments	-	-	(46,153)	-	(46,153)
Total increase from operations	-	-	2,886	-	2,886
Decrease in partner's equity from capital transactions:					
Distributed Capital	-	-	-	(105,000)	(105,000)
Total decrease in partner's equity from capital transactions	-	-	-	(105,000)	(105,000)
Partner's equity at June 30, 2019	\$ 2,339,535	\$ (6,543)	\$ 151,535	\$ (2,048,744)	\$ 435,783

## Underlying Manager Performance (as of March 31, 2019):

Activity	Activity				Performance	
	Commitment	Contributions as of 03/31/2019	Distributions as of 03/31/2019	Value as of 03/31/2019	TVPI	Net IRR
Ares European Real Estate Fund III	10,000,000	10,000,000	(10,916,665)	185,815	1.11x	2.64%
Blackstone Real Estate Partners Europe III	14,833,848	12,087,546	(18,078,682)	2,332,563	1.69x	11.37%
JER Europe Fund III	10,000,000	8,158,553	(3,039,691)	30,117	0.38x	-15.08%
MSREF VI International	11,000,000	12,114,062	(4,309,861)	153,132	0.37x	-14.59%
Redwood Grove International	-	337,500	(352,267)	32,486	1.14x	-8.27%
Woodbourne Canada Partners	15,000,000	15,000,000	(32,059,750)	492,158	2.17x	14.72%
Paladin Realty Latin America Investors III	15,000,000	15,000,000	(2,317,252)	1,466,714	0.25x	-27.11%
Prosperitas Real Estate Partners III	15,000,000	16,422,442	(8,372,619)	76,846	0.51x	-42.09%
Gateway Capital Real Estate Fund III	10,000,000	9,878,928	(11,441,190)	7,704,944	1.94x	13.04%
Brockton Capital Fund II	14,408,000	14,214,203	(10,867,295)	5,987,628	1.19x	4.38%
AG Asia Realty Holdings II	15,000,000	13,762,500	(20,393,237)	1,064,890	1.56x	15.52%
Forum Asian Realty Income Fund III	15,000,000	11,611,231	(18,801,118)	15,163	1.62x	12.08%
Woodbourne Canada Partners II	12,264,891	11,328,355	(7,061,711)	7,465,591	1.28x	5.41%
Fortress Japan Opportunity Fund II (Yen)	14,806,231	15,158,414	(23,211,775)	4,860,731	1.85x	18.73%
Red Fort India Real Estate Fund II	7,500,000	8,600,403	(1,144,762)	2,971,305	0.48x	-14.60%
Total	179,812,970	183,828,298	(198,384,557)	34,840,084	1.08x	2.93%



Geographic Diversification (as of March 31, 2019):

	%
Asia	48.4
Europe	24.8
Canada	21.8
Latin America	4.5
Australia/Pacific	0.4

Property Type Diversification (as of March 31, 2019):

	%
<u>Residential</u>	<u>55.9</u>
<u>Office</u>	<u>15.4</u>
<u>Other Property</u>	<u>12.9</u>
<u>Retail</u>	<u>11.5</u>
<u>Hotel</u>	<u>4.3</u>

Investment Consultant Review & Update Report

- Overview of Markets and Performance Report.
- Wainwright Investment Counsel provided a market update as of November 5, 2019 and a performance update through September 2019.
- Wainwright Investment Counsel provided a rebalancing report as of November 5, 2019. WIC reminded the client that the valuations used for rebalancing purposes are the most recent valuations available from People's United Bank and that those valuations will be different from the valuations ultimately reported by PRIT.
- The Board approved the liquidation of up to \$2.0 million from PRIT Investments to cover benefit payments.
- Wainwright Investment Counsel provided an update on Fisher Investments to the Board.
- Wainwright Investment Counsel provided preliminary performance for Putnam Investments as of October 31, 2019.
- Wainwright Investment Counsel presented notes of "GFP World Timberfund Investor (GFP WTF) Call" with information as of June 30, 2019. The board decided to choose Option 1 – "Exit" GFP WTF.

A motion was made by Poore to accept the recommendation of Gus from Wainwright Investment Counsel to choose Option 1-"Exit" GFP WTF, seconded by Cleary.

A motion was made by Poore to accept the Refunds as listed above, seconded by Cleary.

Roll Call Vote- 4 yes, Cleary, Poore, Benevento and Klueber, 1 absent (MacDonald).

- Wainwright Investment Counsel discussed potential Private Equity commitments for 2020. The Board decided not to take any action at this time.

- Wainwright Investment Counsel provided a draft of the IPS for the Board to review for the next meeting.

#### FOR NEXT BOARD MEETING:

##### IPS approval

#### Fisher Investments-

Gus from Wainwright Investment Counsel provided an update on the Fisher Investment issue regarding a controversial statement that Ken Fisher made in the previous month at a private meeting. Due to media calls to the Administrator, the board requested that the Administrator speak to board attorney Michael Sacco to get a statement regarding the boards' position on Fisher.

#### Warrants

Review and approve the warrants:

- October 2019 Warrant #10-2019: \$2,388,198.36 (approved for up to \$2,400,000.00).
- Estimated November 2019 warrant: \$2,500,000.00.
- Up to \$2M for November month-end warrant – VOTE-

A motion was made by Cleary to use up to \$2 million from the PRIT Fund for the November warrant, seconded by Poore.

Roll Call Vote- 3 yes, Cleary, Poore and Klueber, 2 absent (Benevento and MacDonald).

#### Teamsters Union Local 170- James Marks

- Union Contract

The union representative, James Marks distributed a copy of the requested changes for the upcoming new contract as of January 1, 2020 to the board. The board will review them and then have the representative back to another board meeting to discuss.

2020 Board Meeting Dates- The board had no issues with the new dates for 2020.

#### New Member Enrollments

Acknowledge new member enrollments:

- **Haverhill Public Schools:** Antonio Fraza, Nathan Richards, Mathew Mears, Yoselin Lantigua, Ryan Dizoglio, Shirley Rutherford, Joshua Curtin, Lebelles Gonzalez, Lisa Fairhurst, Nancy Molia-Campo, Kimberly Filaseta, Joe Cote, Brianna Molten, Grace Khoury, Darine Maroun, Helene Boudreau, Monica Mercier, Carmen Lample and Shyla L. Heredia. City of Haverhill-Water Department: Eric Poore. City of Haverhill-Public Library: Gwen Junghanss and Marcus Valenzuela. City of Haverhill-Parks Department: Simeon Ouellette. City of Haverhill-Highway Department: Ryan Cotton.

Cleary made a motion to accept the New Member Enrollments as listed above, seconded by Benevento.

Roll Call Vote- 4 yes, Cleary, Poore, Benevento and Klueber, 1 absent (MacDonald).

Buybacks/Makeups- None at this time.

#### Refunds

- **Haverhill Public Schools:** Brenda Rivera and Nancy Chamorro.

A motion was made by Poore to accept the Refunds as listed above, seconded by Cleary.

Roll Call Vote- 4 yes, Cleary, Poore, Benevento and Klueber, 1 absent (MacDonald).

#### Transfers

- **Haverhill Public Schools:** Alexander Loagn (Newburyport), Kimberly Mackie (Andover), Shauna Manthorn (State) and Nina Torrisi (State).

A motion was made by Poore to accept the Refunds as listed above, seconded by Cleary.

Roll Call Vote- 4 yes, Cleary, Poore, Benevento and Klueber, 1 absent (MacDonald).

#### Retirements/Disabilities/Survivor Benefits

Retirement Board Staff have verified that the necessary paperwork is in order and has determined applicants to be eligible for such benefits:

- Acknowledge Superannuations: **City of Haverhill- School Department:** Noreen A. Merrill (10/01/19; 15 yrs., 8 months). **City of Haverhill- Public Library:** Karen M. Pereira (10/24/19; 18 yrs., 11 months).

A motion was made by Benevento to accept the Retirements/Disabilities/Survivor Benefits as listed above, seconded by Cleary.

A motion was made by Poore to accept the Refunds as listed above, seconded by Cleary.

Roll Call Vote- 4 yes, Cleary, Poore, Benevento and Klueber, 1 absent (MacDonald).

PROSPER Update- No action needed by the board at this time.

Old Business- Discussion on candidates for Benefits Counselor, set up interview committee and interview date.

Postponed until December.

Vacation Buyback for Gail Cunningham as per union contract (two weeks) for 2019.

Poore wanted clarity on the vacation request, were the two weeks earned on her new pay or old



pay. Postponed until December.

### Minutes

- Review and approve the October 8, 2019 Regular meeting minutes and October 15, 2019 Special meeting minutes.

A motion was made by Benevento to accept the October 8, 2019 and October 15, 2019 meeting minutes as listed above, seconded by Cleary.

A motion was made by Poore to accept the Refunds as listed above, seconded by Cleary.

Roll Call Vote- 3 yes, Cleary, Benevento and Klueber, 1 abstained (Poore) and 1 absent (MacDonald).

### Correspondence to be reviewed

PERAC Memo #24	10/07/2019	Appropriation Data Due October 31, 2019
PERAC	11/19	Pension News
Wolf Popper LLP	10/08/19	Securities Litigation Update
Scott + Scott	10/23/19	3Q19 Securities Litigation Update

The Administrator made all correspondence available at the board meeting for the board to review.

### New Business

Matters and issues the Board would like to discuss at future meetings.

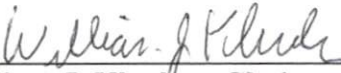
No new business was discussed.

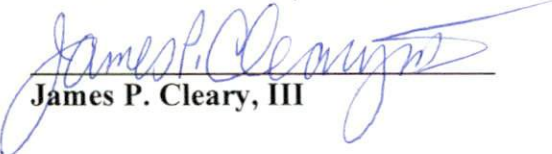
A motion was made by Benevento to adjourn the meeting at 10:55AM, seconded by Poore.

A motion was made by Poore to accept the Refunds as listed above, seconded by Cleary.

Roll Call Vote- 4 yes, Cleary, Poore, Benevento and Klueber, 1 absent (MacDonald).

**Date of next scheduled Retirement Board meeting is Tuesday, December 10, 2019, 9:00AM.**

  
 William J. Klueber, Chairman

  
 James P. Cleary, III

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 Richard MacDonald

  
 Charles Benevento

  
 Lewis F. Poore, Jr.