

HAVERHILL RETIREMENT BOARD

Tuesday, October 13, 2020 9:00AM

Haverhill City Hall, Room 301

The meeting was called to order at: 9:05AM

In attendance: Board Members: William Klueber, James Cleary, Charles Benevento, Richard MacDonald, Lewis Poore, Gus Aristizabal (Wainwright Investment Counsel); and David Van Dam (Administrator).

Fund Manager Presentations

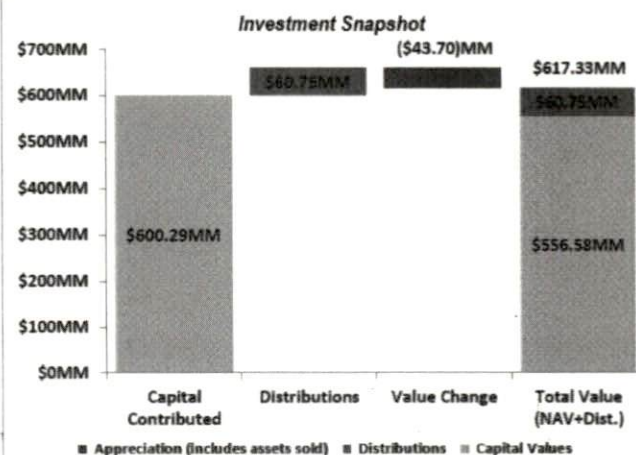
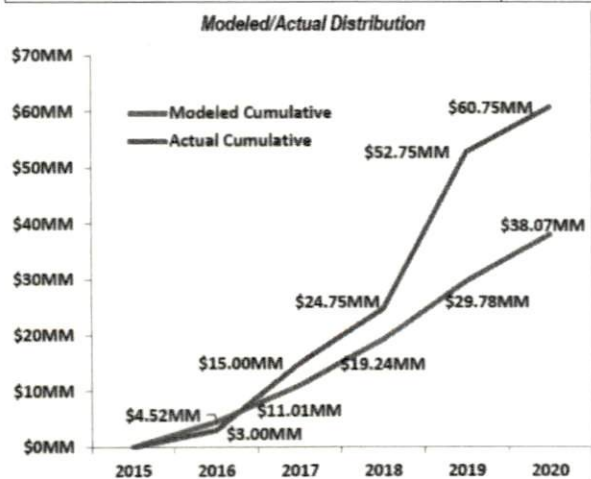
- Molpus- George Dahduh- 9:15AM- 601-948-8733 x204

Molpus Woodlands Group Fund IV

The following information was taken directly from the Investment Manager's presentation to the Haverhill Retirement System for the third quarter of 2020. Please refer to the Investment Manager's full presentation for additional details and disclosures.

Fund Performance (as of June 30, 2020):

	Valuation	Actual IRR	Model IRR
MWF IV Acadia	267,089,272	0.71%	6.88%
MWF IV Osceola	28,891,386	-0.76%	7.98%
MWF IV Texarkana	212,653,513	1.19%	3.57%
MWF IV 4 States	47,727,463	4.66%	0.30%
Combined Property Level	556,361,634	0.93%	5.70%
Fund Level Working Capital	220,783		
Combined Valuation and IRR	556,582,417	0.71%	5.53%
Distributions	60,750,000		
Total value	617,332,417		



Acadia (Louisiana)

Property Description

- 185,408 total acres

- Purchased in October, 2015 from the Campbell Group
- Located in the U.S. South, specifically southwest LA
- Comprised primarily of intensively-managed, loblolly pine plantations

Financial Overview

- Timber revenue through June was \$2,683,344, ahead of budget by 24%.
- Supply agreement deliveries of pine saw timber and chip-n-saw to Georgia-Pacific were at 110% of the quarterly volume commitments. Supply agreement deliveries of pine pulpwood to international paper were 104% of the quarterly volume commitment.
- Actual expenses through March totaled \$2,049,413, closely tracking the budget of \$2,179,492.
- Through June 30, six land sales have closed for a total of \$583,234 with a weighted IRR of 18.8%

Operational Highlights

- Markets for all products began weakening late in the first quarter as signs of COVID-19 began impacting area wood-using facilities.
- Georgia Pacific announced the closure of its sawmill in DeQuincy, LA beginning June 30. Consistent with the terms of the supply agreement, Georgia Pacific will require all pine saw timber and chip-n-saw delivered under the supply agreement to be hauled to its mill in Pineland, TX, increasing the average haul distance by 50 to 60 miles.
- Currently, nine harvest crews are cutting on the property, with the capability to produce 90-100 loads a day.
- Annual site preparations began in the quarter, with mechanical site preparation being completed on five stands totaling 284 acres. We anticipate treating an additional 2,500 to 2,700 acres this fall with chemical and/or mechanical operations to prepare the stand for reforestation this upcoming winter.

Osceola (Florida and Georgia)

- Property Description
 - 19,959 total acres
 - Purchased in January, 2016, from Claw Forestry Services
 - Located in the U.S. South, specifically north Florida/SE Georgia
 - Comprised primarily of slash pine plantations
- 2. Financial Highlights
 - Timber revenue through the second quarter of 2020 totaled \$615,815, above the budget of \$599,952 by 3%.
 - Expenses year-to-date totaled \$285,862, compared to a budget of \$210,546. The negative variance is due to legal fees and property taxes related to the two dispositions closed in late 2019 totaling 28,649 acres.
 - No land sales closed during the first half of 2020.

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Texarkana (Arkansas and Texas)

Property Description

- 120,136 total acres.
- Purchased December, 2016 from Hancock Forest Management
- Located in the U.S. South, specifically southwest Arkansas and northeast Texas.
- Comprised primarily of intensively-managed, loblolly pine plantations

Financial Overview

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States (Alabama, Mississippi, North Carolina, South Carolina)

- Property Description
 - 26,320 total acres
 - Purchased in March 2018, from AmSouth Timber Company
 - Comprised primarily of loblolly pine plantations
- Financial Highlights
 - Timber revenue through the second quarter of 2020 totaled \$615,815, above the budget of \$599,952 by 3%.
 - Expenses year-to-date totaled \$285,862, compared to a budget of \$210,546. The negative variance is due to legal fees and property taxes related to the two dispositions closed in late 2019 totaling 28,649 acres.
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- GFP 8, GFP 10 and GFP WTF- Chris Warrington- 9:35AM- 603-286-0660

Global Forest Partners (“GFP”) WTF, GTI 8, and GTI 10

The following information was taken directly from the Investment Manager's presentation to the Haverhill Retirement System for the third quarter of 2020. Please refer to the Investment Manager's full presentation for additional details and disclosures.

Fund Performance (as of June 30, 2020):

In USD Millions

	Vintage	Commitment	Invested Capital	Distributions	NAV	IRR	Multiple
WTF	1997	1.2	1.2	2.1	2.2	8.1%	3.7x
GTI 8	2007	4.0	4.0	3.7	3.8	6.6%	1.9x
GTI 10	2013	3.2	3.2	0.2	3.4	3.0%	1.1x
Total		8.3	8.3	6.0	9.4	6.9%	1.9x

Time-Weighted Return	1 Year	3 Year	5 Year	10 Year
WTF				
Gross	2.3%	7.1%	2.5%	6.4%
Net	1.7%	6.5%	2.0%	5.8%
GTI 8				
Gross	6.4%	14.4%	10.6%	8.3%
Net	5.4%	13.3%	9.5%	7.4%
GTI 10				
Gross	7.2%	7.7%	5.8%	-
Net	6.2%	6.7%	4.1%	-
NCREIF Timberland Index	0.3%	2.3%	2.7%	4.4%

World Timberfund (“WTF”)

- GFP has been preparing for the sale of the Oro Verde and Green Triangle investments.
- The COVID-19 pandemic has hindered the launch of both sale processes.
- Investors voted to extend the Fund's liquidation period to December 31, 2021.
- GFP will launch the Oro Verde sale process in the coming weeks and the GTFP sale process as soon as practicable.
- GFP continues to carry out a number of operational initiatives.
 - Advance wind farm development at GTFP.
 - Export log sales at Oro Verde.
- WTF expects to distribute \$5 million to investors in 2020.

GTI8

- Implementation of a number of COVID-specific measures to reduce contagion and maintain business continuity.
- Managing through COVID-19 impacted markets – chip markets, shutdowns, China demand.

- Carbon credit sales at Waonui.
- Investments in silviculture in Uruguay and Chile and focus on land use conversion programs in Brazil.
- Pending sale of GTFP.
- Given the uncertainty created by COVID-19, GFP recommended and investors approved deferral of GTI 8 extension vote to early 2021.
 - At that time, investors will vote on a two-year extension versus the previously contemplated three-year extension.
- \$739.7 million distributed to date, or 92% of invested capital.
- GTI 8 may not make any distributions to investors in 2020. Cash availability for distributions will be reassessed at year-end.

GTI 10

- GTI 10 called the final \$8.75 million from investors on June 23 bringing total contributions to \$377 million.
- Capital will be used for silvicultural investments and bolt-on acquisitions.
- Key initiatives for GTI 10 include:
 - Chile and Australia fire salvage, insurance proceeds, replanting.
 - Commencement of harvests at Agua Limpia.
 - Complete integration of Celestial into RFF while navigating turbulent chip markets.
 - Developing Offtake options for Cumare.
- Divestments and bolt-on acquisitions will improve portfolio allocation.
- GTI 10 expects to distribute \$11 million to investors in 2020.

Property Level Performance (as of June 30, 2020)

Fund	Investment (in USD millions)	Invested	Remitted	NAV	IRR (USD)	IRR (Local)
WTF	GTFP	\$84.7	\$285.8	\$137.6	14.6%	12.9%
	Oro Verde	\$101.4	\$40.7	\$154.2	3.9%	3.9%
GTI 8	Nelson Forests	\$139.1	\$487.8	\$0.0	15.3%	16.5%
	Waonui	\$42.8	\$16.1	\$135.0	11.4%	12.7%
	GTFP	\$129.7	\$152.2	\$137.9	9.8%	12.5%
	ABP	\$180.0	\$174.1	\$219.5	8.8%	11.8%
	Chaklum	\$37.1	\$0.0	\$70.2	8.0%	8.0%
	Turmalina	\$20.7	\$22.4	\$0.6	1.3%	11.7%
	El Arriero	\$94.7	\$0.9	\$103.2	0.9%	0.9%
	Agua Buena	\$39.5	\$5.7	\$37.0	0.8%	4.1%
	Itaquari	\$67.2	\$0.0	\$38.5	-5.5%	5.5%
	Araguari	\$61.0	\$7.1	\$21.2	-7.2%	2.6%

GTI 10	Reliance Forest Fibre	\$97.4	\$6.8	\$142.2	21.1%	26.5%
	Southern Cross	\$26.5	\$1.4	\$43.7	14.3%	16.3%
	El Astillero	\$93.5	\$16.8	\$103.9	5.4%	11.1%
	Agua Limpa	\$22.6	\$0.0	\$27.2	3.8%	18.6%
	Phu Rieng	\$32.1	\$0.0	\$33.7	1.0%	1.0%
	Cumare	\$53.8	\$0.0	\$41.1	-5.7%	3.4%

Investment Consultant Review & Update Report

- Overview of Markets and Performance Report
1. Molpus and Global Forest Partners provided an update to the Board.
 2. Wainwright Investment Counsel provided a market update as of October 5, 2020 and a performance update for the portfolio as of August 31, 2020.
 3. Wainwright Investment Counsel provided a rebalancing report as of October 5, 2020. The Board will take \$1.8 M from the Putnam Investments to cover benefit payments. On September 8, 2020, The Board authorized the withdrawal of \$2.0 M from the PRIT Fund to cover benefit payments. Furthermore, the Board authorized David Van Dam to withdrawal additional money from IR&M as needed. Mr. Van Dam reported to the Board that no withdrawal from IR&M was needed last month.
 4. Wainwright Investment Counsel provided an update on the distributions received year to date from the private equity and real estate managers. Wainwright Investment Counsel will provide the Board with a schedule of commitments and drawdowns for these managers going forward.
 5. Wainwright Investment Counsel provided preliminary performance for Putnam Investments and Fisher Investments as of September 30, 2020.
 6. Wainwright Investment Counsel will schedule manager presentations for the next meeting to satisfy the PERAC annual review requirement. This meeting will be held on Zoom due to an increase in COVID cases in Haverhill.

Warrants

Review and approve the warrants:

- September 2020 Warrant #9-2020: \$2,438,313.69 (approved to transfer up to \$2,100,000.00).
- Estimated October 2020 warrant: \$2,700,000.00. ((3(8)(c)'s). Up to \$1,800,000.00 for October month-end warrant – VOTE-

A motion was made by Poore to transfer up to \$1,800,000.00 from Putnam for the October 2020 payroll warrant, seconded by Benevento.

Vote- 5 yes

Actuarial and GASB 67 & 68

The board requested that the Administrator send an e-mail to the actuary to get an answer on what is included in the service cost on page 11.

Administrator's Contract- Vote

A motion was made by Benevento to postpone this item until the November board meeting and to extend the current contract as is until January 1, 2021, seconded by MacDonald.

Vote- 5 yes

To accept application and request Medical Panel:

- Accidental Disability: **City of Haverhill-Haverhill Police Department:** Dennis Moriarty – VOTE.

A motion was made by Benevento to postpone the application request above as they wanted the Administrator to speak to Michael Sacco, the board attorney regarding the validity of the request, seconded by MacDonald.

Vote- 5 yes

Waiver of Applicant Attendance at Medical Panel Examination During COVID-19 Pandemic

- Stephen M. Iannalfo- Vote

A motion was made by Poore to allow the above referenced Waiver of Applicant Attendance at Medical Panel Examination During COVID-19 Pandemic for Stephen M. Iannalfo and have him do a virtual one, seconded by MacDonald.

Vote- 5 yes

New Member Enrollments- VOTE

Acknowledge new member enrollments:

- **City of Haverhill-Highway Department:** Deivy Arias, Eric Beaubien and Ricky Mercado. **City of Haverhill-Health and Inspectional Services Department:** Johannelis Escobar. **City of Haverhill-Haverhill Public Schools:** Christopher Sargent, Marcus A. Downer, Karen Jacobucci, Robert Gariepy, Alyssa Landlois, Justin Cook, Julian Arce, Amanda L. Murray, Joanna E. Infante, Helen K. Zbitnoff, Maria Arias Reyes, Daniel Tashjian, Jeanne Irwin and Jennifer Silva. **City of Haverhill-Wastewater:** Richard F. Huff. **City of Haverhill-Human Resources:** Kayla Gonzalez. **City of Haverhill-COVID Ambassador:** Jacob Flanagan. **City of Haverhill-Human Services Department:** Lori J. Swenson. **City of**

Haverhill-Haverhill Police Department: Christina Rodriguez. **City of Haverhill- 311 Call Center:** Paige Worden.

A motion was made by Poore to remove the City of Haverhill-COVID-19 Ambassador: Jacob Flanagan from the New Member Enrollments as that position is not a full-time position and to accept all others in New Member Enrollments as listed above, seconded by Benevento.

Vote- 5 yes

Buybacks-

- None at this time.

No action needed.

Makeups-

- None at this time.

No action needed.

Refunds-

- Haverhill Public Schools: Kylie L. Tracy (\$1,791.16), (9 months) and Rita Stogryn (\$630.88), 1 month).

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

Vote- 5 yes

Rollovers-

- Haverhill Public Schools- Frederick Galinski (\$2,458.16), 1 yr., 7 months).

A motion was made by Benevento to accept the Rollovers as listed above, seconded by Poore.

Vote- 5 yes

Transfers- VOTE

- **Haverhill Public Schools-** Shannen Styrzula (\$3,943.84), (2 yrs., 2 months) (Andover).

A motion was made by Benevento to accept the Transfers as listed above, seconded by Cleary.

Vote- 5 yes

Retirements/Disabilities/Survivor Benefits- VOTE

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- Haverhill Public Schools:** Richard M. Burnell (09/18/2020; 15 yrs., 4 months), Robert Eldridge (09/30/2020; 27 yrs., 9

months), Linda Motta (11/30/2020; 23 yrs., 10 months) and Mary George (12/04/2020; 12 yrs., 0 months).

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

Vote- 5 yes

PROSPER Update- No action needed at this time.

No action was needed by the board.

Old Business- Veteran's Buyback follow-up.

The Administrator read an e-mail from Michael Sacco, the board attorney, stating that the request of the board from their September 8, 2020 Board meeting related to a Veteran's Buyback reissuance of benefit notification after receiving previous acknowledgement notification was not legal based on MGL Chapter 32.

Minutes

- Review and approve the September 8, 2020 regular meeting minutes. VOTE

A motion was made by Benevento to accept the regular meeting minutes as listed above, seconded by Cleary.

Vote- 5 yes

Correspondence to be reviewed

PERAC Memo #28	9/14/2020	Tobacco Company List
PERAC Memo #29	9/29/2020	Mandatory Retirement Board
		Member Training-4th Quarter 2020
PERAC Memo #30	10/1/2020	Compliance with the 2019 91A
		Process
PERAC Memo #31	10/7/2020	Appropriation Data Due
		October 31, 2020
PERAC	10/2020	PERAC Annual Report 2019
Eastern Bank	08/2020	Bank Reconciliation

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

New Business- Computer Software Upgrade

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

The computer software upgrade was not discussed at the meeting, it will be put on the November 10, 2020 board meeting agenda.

A motion was made by MacDonald to hold the November 10, 2020 board meeting virtually due to the increase in COVID-19 cases in Haverhill, seconded by Poore.

Vote- 5 yes

Adjourn- VOTE

A motion was made by Benevento to adjourn the meeting at 10:47AM, seconded by Cleary.

Vote- 5 yes

Date of next scheduled Retirement Board meeting is Tuesday, November 10, 2020 at 9:00AM.



William J. Klueber, Chairman



Charles Benevento



James P. Cleary, III

Lewis F. Poore, Jr.



Richard MacDonald