

HAVERHILL RETIREMENT BOARD

Tuesday, October 9, 2018 9:00AM

Haverhill City Hall, Room 303

The meeting was called to order at: 9:10AM

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

Investment Manager Update- Paul Todisco and Francesco Danielle from PRIM presented in person.

PRIT Core Fund

Firm Overview

- AUM: \$71.7 B as of June 30, 2018
- 46 public market portfolios
- 4 advisory committees consisting of 37 industry professionals and board members
- 41 person team
- 14 real estate, timber and REIT managers
- 100+ private equity managers; 200+ partnerships
- 39 portfolio completion strategies managers
- Invested in 18 asset classes: U.S. Large Cap Equity, U.S. SMID Cap Equity, Developed International, Emerging Market Equity, Core Bonds. 20+ year STRIPS, U.S. TIPS, Global Inflation Linked Bonds, High Yield, Bank loans, Emerging market debt, Private Debt, Private Equity, Hedge Funds, REITS, Timberland and Portfolio Completion Strategies
- 2 new key hires over the quarter included Grace Gao (Investment Research Analyst – Strategy Group) and Liu Liu (Analyst – Strategy Group)
- PRIT is a government entity and does not have an ADV
- Investment Advisory Public Disclosure search (conducted on October 10, 2018) on Michael Trotsky, Deborah Goldberg, Ruth Ellen Fitch, James B.G. Hearty, Peter Monaco (on Brokercheck, but no disclosures), Theresa F. McGoldrick, Dennis Naughton, Robert Brousseau (2 names in Brokercheck, neither had disclosures) and Paul E. Shanley had no disclosures.

Key PRIT Initiatives:

- Project SAVE: \$170 million + in annual fees savings realized
- De-risking the portfolio
- Improved manager selection focus on alpha
- Hedge fund replication and managed accounts – pay fees for alpha only
- Portfolio completion strategies seeking equity like return and fixed income risk level

Performance (as of June 30, 2018, gross of fees) Asset Class	Q2 2018	1 Year
US SMID Cap Equity	6.3%	17.6%
Real Estate	3.7%	9.4%
Private Equity	3.7%	21.8%
US Large Cap Equity	3.6%	15.0%
Timberland	3.0%	7.9%
Portfolio Completion Strategies	1.8%	6.9%
Distressed Debt	1.4%	11.2%
PRIT Fund	1.1%	10.0%
US STRIPS (20+ Year)	0.9%	1.4%
Bank Loans	0.8%	4.7%
US High Yield	0.7%	2.7%
Inflation Linked Bonds	0.6%	2.9%
Barclays US Agg Developed	0.0%	0.1%
International Equity	-0.5%	8.7%
60/40 MSCI	-1.2%	6.3%
ACWI/Barclays Agg		
EMD \$	-4.0%	-1.6%
Emerging Markets Equity	-7.8%	9.1%
EMD Local Currency	-11.0%	-2.9%

<u>Total PRIT Fund Returns</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
Total Fund Return	10.0%	8.4%	9.3%	6.3%
Total Core Benchmark	8.1%	7.1%	7.7%	5.6%
Value Added	1.9%	1.3%	1.5%	0.7%

Portfolio Characteristics (as of June 30, 2018)

Global Equities	39%
Portfolio Completion Strategies	13%
Private Equity	12%
Value-Added Fixed Income	10%
Real Estate	10%
Core Fixed Income	7%
TIPS	5%
Timberland	39%

Asset Allocation 2018: Approved February 15, 2018

- According to PRIT the new target will not be significantly different from the current target
- Slightly increase Private Equity and Equity-Hedge PCS with funding from Public Equity
- PRIT Fund's allocation bands made it flexible to fund alternative opportunity sets. IPS allows an allocation band of +/- 5% for Global Equity and +/- 3% for other asset classes

<i>Asset Allocation</i>	<i>Current Target</i>	<i>New Strategic Target</i>	<i>New Strategic Mid-Point</i>
Global Equity	40%	34%-44%	39%
US Equity	18%		17.5%
Int'l Developed Equities	16%		15.5%
Emerging Int'l Equities	6%		6%
Core Fixed Income	12%	9%-15%	12%
Core Bonds	5%		5%
Long Duration Treasury	2%		2%
Inflation Linked Bonds	5%		5%
Value Add Fixed Income	10%	7%-13%	10%
Private Equity	11%	9%-15%	12%
Real Estate	10%	7%-13%	10%
Timberland	4%	1%-7%	4%
PCS	13%	10%-16%	13%
Equity Hedge PCS	1.3%	1%-5%	3%

<i>Asset Allocation Assumptions</i>	<i>2017 Current Target</i>	<i>2018 Current Target</i>	<i>2018 New Target</i>
5-7 Year Returns	6.8%	6.6%	6.6%
30 Year Returns	7.7%	7.7%	7.7%
Volatility	12.5%	12.4%	12.6%
Sharpe Ratio 30 Year	0.38	0.40	0.39

<i>Factor Allocation</i>	<i>Current Target</i>	<i>New Strategic Mid-Point</i>
Growth	54.8%	54.7%
Real Rates	7.3%	8.0%
Inflation	15.9%	15.7%
Currency	10.4%	10.1%
Illiquidity	11.6%	11.5%

Investment Consultant Review & Update

- Overview of Markets and Performance Report.
- Up to \$2.5M for October month-end warrant – VOTE.

1. WIC discussed the performance report as of the end of August 2018.

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2. WIC provided an updated on the transition of assets to the PRIT Fund through October 2018.
3. WIC provided updated performance for Fisher Investments and Putnam as of September 30/2018
4. WIC presented a draft of the small cap growth and small cap value RFPs. The Board approved to issue the two RFPs.
5. The Board approved to take up to \$ 1.8 M from IR&M to make benefit payments and capital calls.

A motion was made by Poore to take up to \$1.8 Million from IR&M for the October payroll warrant, seconded by Cleary.

Vote- 5 yes

New Member Enrollments

Acknowledge new member enrollments:

Haverhill Public Schools: Wendy West, Michelle Alessi, Kimberly Mahady, Anna Linnehan, Rocelia Caraballo, Kelli Fetty, Michelle LaPlume, Jillian Noonan, Rita Stogryn, Bethany Krister, Sophie Welch, Jessica Stuckey, Orlando Sanchez, Miguel Valentin, Richard Pike, Kim Ridley, Charity Roux, Donna Soucy, Heather St. Onge, Chaira Soto, Sean Rogers and Tara Hudson.
Haverhill Wastewater Department: Jesse Middleton. **City of Haverhill- Police Clerks:** Ariel Pena Rivas. **Haverhill Public Library:** Frances Gosselin. **Haverhill Waste Water Treatment Plant:** Joseph Schena. **Haverhill Fire Department:** Kristofer Jenkins. **City of Haverhill- Planning Office:** Lannie Patel. **City of Haverhill- Building Department:** Paul Viliott. **Whittier Tech:** Christopher Morris.

A motion was made by Cleary to accept New Member Enrollments as listed above, seconded by Poore.

Vote- 5 yes

Buybacks/Makeups

- Rescind liability for John Clark time from 1980-1981 (Summer Rec), 4 months (to MTRS)- never a member of HRB- Vote.

A motion was made by Cleary to rescind liability for John Clark as listed above, seconded by Poore.

Vote- 5 yes

Refunds

- **Haverhill Public Schools:** Jessica Collins (\$4,415.52), Malik Taverna (\$4,289.42) and

Fred Towne (\$145.80). **Haverhill Police Department:** Ruben Jimenez (\$34,398.36).

A motion was made by MacDonald to accept the refunds as listed above, seconded by Benevento.

Vote- 5 yes

Transfers

- **Haverhill Public Schools:** John Cruz (State Retirement, \$9,078.67).

Transfer was placed on file.

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: **Haverhill Police Department:** Frederick Corthell (09/29/2018; 32 yrs., 0 months).

A motion was made by Poore to Acknowledge the Superannuation as listed above, seconded by Benevento.

Vote- 5 yes

- PROSPER Update- 91A Status
- Vincent D. Lorigan

The Administrator gave an update and informed the Board that Mr. Lorigan was taken off 91A Termination Status as of that time.

RFP's for Investment Manager Review-

A motion was made by MacDonald to accept the Investment Manager RFP's as to form, seconded by Benevento.

Vote- 5 yes

Actuarial Update- Final Draft Actuarial Report and GASB 67&68 Review-

The Board reviewed the Actuarial Draft Report and asked the Administrator to get Larry Stone, the Board Actuary, on the phone for the November Board meeting to answer some questions.

Minutes

- Review and approve the September 11, 2018 Regular meeting minutes.

A motion was made by Benevento to accept the minutes from the September 11, 2018 Board meeting, seconded by MacDonald.

Vote- 5 yes

Warrants

Review and approve the warrants:

- September 2018 Warrant 09-2018: \$2,149,600.93 (approved for up to \$2,400,000.00).
- Estimated October 2018 warrant: \$2,500,000.00.

A motion was made by Benevento to accept the Warrants as listed above, seconded by MacDonald.

Vote- 5 yes

Correspondence to be reviewed

PERAC Memo #26	9/14/18	Regular Compensation Status of Payments Made in Lieu of Unused Leave Time
PERAC Memo #27	9/17/18	Direct Deposit Scam
PERAC Memo #28	9/20/18	Mandatory Retirement Board Member Training-4 th Quarter 2018
PERAC Memo #29	9/25/18	Tobacco Company List
Letter- pyle/rome	10/2/18	Haverhill Firefighters Union, Local 1011 and City of Haverhill-PERAC/Vacation Buyback Letter
Scott+Scott	7/24/18	NUVasive- Update
Wolf Popper LLP	9/11/18	Update
Eastern Bank	8/2018	Bank Reconciliation

The Administrator provided the correspondence to the Board for their review.

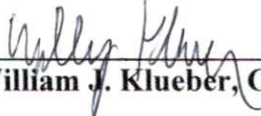
New Business

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

A motion was made by Benevento to adjourn the meeting at 10:45AM, seconded by Poore.

Vote- 5 yes

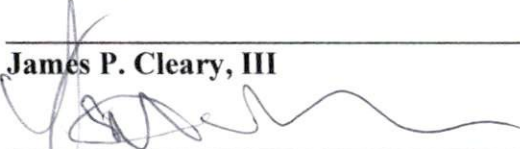
Date of next scheduled Retirement Board meeting is Tuesday, November 13, 2018, 9:00AM.




William J. Klueber, Chairman



Charles Benevento



James P. Cleary, III



Richard MacDonald

Lewis F. Poore, Jr.