

HAVERHILL RETIREMENT BOARD

Tuesday, February 14, 2017 9:15 a.m.

Haverhill City Hall, Room 301

The meeting was called to order at: 9:16 am.

In attendance: Board Members: William Klueber, Charles Benevento, James Cleary, Richard MacDonald, Lewis Poore; Sheryl Trezise; Gus Aristizabal (Wainwright)

New Member Enrollments

Motion by Benevento, seconded by Cleary to acknowledge new member enrollments:

School: Stephanie Cruz, Zachary Grundy **Wastewater:** Walter Alce. Vote 5-0.

Refunds

Motion by Benevento, seconded by Poore to approve refunds for: **School:** Sarah Tatro-Julian; Nancy Bishop; Pauline Boujaoude. Vote 5-0.

Transfers

Motion by Benevento, seconded by Poore to approve transfers for: **School:** Breanna Ferguson (MTRS); Sandra Basiliere (MTRS). Vote 5-0.

Retirements/Disabilities/Survivor Benefits

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

Motion by Poore, seconded by Benevento to:

- Acknowledge Superannuation: **Library:** Julia Aybar (2/14/17; 15.5833 yrs), and
- Approve Option D/Survivor Benefit: **HHA:** Janey Brooks (Gordon Brooks)

Vote 5-0.

Investment Manager Presentations

DDJ Capital/Matt Hensher/Ben Santonelli: Personnel updates included the resignation of portfolio manager Anthony Ranaldi in May 2016 and the rehiring of Doug Wooden as a Senior Analyst. The State of Connecticut is a new client with \$150M invested. The HY fund currently has 7 clients (\$365M); Haverhill has \$7M. Total assets for the firm are \$7.7B as of yearend. The fund's underperformance in the first half of the year was due to the allocation to bank debt; YTD returns were 16.73% (approximately 16% net) vs. 17.49% for the bm. They are geared for protection on the downside and positioned well for interest rate increases. The top 10 issuers have a 27% weight. They are underweight in energy and financials; overweight in healthcare (no pharmaceuticals). There are no regulatory or legal issues.

Mesirow (Courtland)/Marc Rivitz/Anthony Fragapane: The passing of Michael Humphrey, Managing Principal was discussed. He had indirectly controlled 90% of the voting rights of Courtland and upon his death the ownership went to his wife. The new ADV was reviewed and Steven Novick is the current Managing Principal who was the COO and also a partner and co-owner. No new investments are being made in the fund. Out of the fund's \$226M commitment, \$175M has been called. Haverhill committed to \$3M with \$2.3M called. No more calls are expected and 48% of the capital has been returned. As of 9/30/16, Haverhill's MV was \$1.4M. The 1 year time weighted returns were 7.46% vs 9.22% for the bm. Underlying fund updates were given. There are no other legal or regulatory issues.

Investment Consultant Review & Update

- Cleary made a motion, seconded by Benevento to redeem up to \$1.5M from IR&M, based on Gus' recommendation, to fund the February month-end warrant. Vote 5-0.

- Cleary made a motion, seconded by Benevento to approve the GFP GTI 6 Written Resolution of Shareholders based on Gus' recommendation. Vote 4-1, with Poore voting no.
- GFP forest fires in Chile were discussed and the Board asked for another update.
- Overview of Markets and Performance Report: As of 2/10/17, the fund's market value was \$176M with an overweight in fixed income. US equities have done well on a YTD basis. As of 11/30/16 the market value was \$167M. YTD returns were: overall 6.02% vs 7.12% for the bm; equities 8.30% vs 11.05%; international equity 1.84% vs 1.67%; fixed income 6.19% vs 4.50%; real estate 4.31% vs 6.13%; timber (4.49%) vs 4.93%; venture capital 2.02% vs .23%; hedge funds 3.35% vs (.36%). Fisher's return for January was 1.67% vs (.71%) for the bm and has a net 13.14% return since inception; its underperformance in 2016 was due to the financial and healthcare sectors.

Motion by Cleary, seconded by Benevento, to go into Executive Session at 11:02 am to discuss security litigation. Roll call vote: Klueber, yes; Cleary, yes; MacDonald, yes; Poore, yes; Benevento, yes.

MacDonald made a motion to return to the open meeting at 12:05 pm and Benevento seconded it. Roll call vote: Klueber, yes; Cleary, yes; MacDonald, yes; Poore, yes; Benevento, yes.

Legal: Security Litigation

- **Scott & Scott/FX:** Cleary made a motion to approve the tentative deals as discussed in Executive Session. The motion was seconded by Benevento. Vote 3-1-1, with Poore voting no and MacDonald abstaining.

Poore amended the motion to include language that the Haverhill Retirement System was to be reimbursed all costs and expenses as allowed by the Court. Seconded by Benevento. Vote 3-1-1, with Poore voting no and MacDonald abstaining.

- **Labaton/Providence Services Corp:** Poore made a motion to approve the conditional approval for Providence Services Corp, if settlement was for greater than \$12M. There was no second.

Benevento made a motion, seconded by Cleary to approve the conditional approval to settle Providence Services Corp's security litigation. Vote 3-1-1, with Poore voting no and MacDonald abstaining.

Investment Consultant Review & Update (cont)

- Overview of Markets and Performance Report (cont): Novus II has been written off for 2016; First America Asia is still being kept at \$1 pending final outcome. Victory/Munder and Systematic managed accounts have been liquidated and the proceeds invested in RhumbLine's S&P 400 fund. The possibility of a commingled fund such as an "ishares" through RhumbLine was discussed.
- PRIT vs. HRB returns (1995-2015): A report of PRIT vs. Haverhill Retirement System (HRS) Performance was presented for the years from 1995-2015. In 2008, HRS outperformed PRIT by 3.27; and in 2011 the HRS underperformed PRIT by (.06). On a 10 year look back period, HRS outperformed PRIT all except 4 years.

Legal

- Benevento made a motion to institute proceedings and to consult with the Board's counsel to determine the appropriate process to address the Treasurer's request for a hearing under S15(1) and S15(2) in the matter of Dawn Medford. Cleary seconded the motion. Vote 5-0.

Poore made a motion to hire a hearing officer other than Board Counsel. There was no second.

- Updated Public Records Law: Beginning with 2017, minutes will be posted to the website.

- Wainwright provided the information on PRIT Vs. Haverhill returns; no RFP issued.

Renovations

Waiting for bids.

Election Officer

Benevento made a motion to appoint Gail Cunningham as Election Officer. Seconded by Cleary. Vote 5-0.

Minutes

Motion by Benevento, seconded by Poore to approve the January 10, 2017 meeting minutes.

Warrants

Motion by MacDonald, seconded by Benevento to approve the warrants:

- January 2017 Warrant 1-2017: \$2,085,026.24 (approved for up to \$2,225,000.00).
- Estimated February 2017 warrant: \$2,100,000.00.

Vote 5-0.

Board Member Education

PERAC has reported educational credits for the 4th quarter in 2016.

Cash Books

November 2016 cash books were reviewed.

Correspondence reviewed

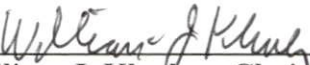
PERAC Memo #1	1/5/17	Updated Public Records Law.
PERAC Memo #2	1/5/17	Binding Effect of PERAC's Memoranda.
PERAC Memo #3	1/5/17	2017 IRS limits (C46 of Acts of 2002).
PERAC Memo #4	1/5/17	2017 limits (S23 of C131 of Acts of 2010).
PERAC Memo #5	1/5/17	COLA notice – SSA .3%.
PERAC Memo #6	1/12/17	Mandatory Board Member Training – 1 st Quarter.
PERAC Memo #7	1/19/17	Actuarial Data.
PERAC Memo #8	1/19/17	Continuing Membership of “Non-Full-Time Employees.”
PERAC Memo #9	1/19/17	Buyback & Make-up Repayment Worksheets.
PERAC Memo #10	1/25/17	DRO's – PERAC will not review.
PERAC Memo #11	1/25/17	2017 Annuity Savings Rate.
PERAC Memo #12	1/25/17	2017 interest rate set at .1%.
PERAC Memo #13	1/26/17	Administrators – PERAC Training.
PERAC News	2/2017	Newsletter - portal announced; (emailed to Board).
PERAC	2015	PERAC Fee Report.
PERAC	1/12/17	PERAC acknowledgement of RhumbLine S&P Mid-Cap 400 fund.
Scott & Scott	1/23/17	4Q Quarterly Review.
Wolf Popper	1/17/17	9/16 & 10/16 litigation activity.
Eastern Bank	12/2016	Bank reconciliation.

New Business

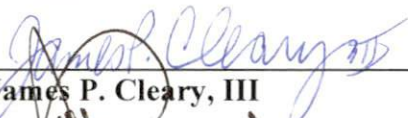
Matters and issues the Board would like to discuss at future meetings.

Motion by Benevento, seconded by Cleary to adjourn the meeting at 1 pm. Vote 5-0.

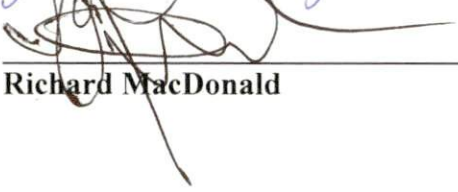
Date of next scheduled Retirement Board meeting is Tuesday, March 14, 2017, 9:00 a.m.



William J. Klueber, Chairman



James P. Cleary, III



Richard MacDonald



Charles Benevento



Lewis F. Poore, Jr.