

HAVERHILL RETIREMENT BOARD**Tuesday, April 9, 2019 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, Lewis Poore, Gus Aristizabal, Wainwright; David Van Dam (Administrator).

Investment Manager Updates

- Global Forest Partners call with Chris Warington- 603-298-4945- 9:10AM-9:25AM

Review of Disclosures

• Form ADV (dated, March 31, 2019) has been reviewed by Wainwright for informational purposes only. Nothing herein should be construed as legal or regulatory advice. Form ADV Part 1 Item 11 did not disclose any disciplinary event. The Form ADV 2A (dated, March 31, 2019) has been reviewed by Wainwright. Item 2 (Material Changes) has been reviewed and there were no concerns about reported material changes. Item 9 indicates no disciplinary information. Item 10 (Other Financial Industry Activities and Affiliations) and Item 18 (Financial Information) have also been reviewed by Wainwright and there are no disclosed violations or noteworthy conflicts of interest. Global Forest Partners did not disclose any financial condition information at the firm level that would impair their ability to meet its contractual and fiduciary commitments to its clients.

Fund Performance (in USD millions, through December 31, 2018):

<i>Active Fund</i>	<i>Vintage</i>	<i>Commitment</i>	<i>Invested</i>	<i>Distribution</i>	<i>NAV</i>	<i>IRR</i>	<i>Multiple</i>
WTF	1997	1.2	1.2	2.1	2.2	8.4%	3.6x
GFP	2007	4.0	4.0	3.4	3.9	6.8%	1.8x
GFP	2013	3.2	2.7	0.2	2.8	2.7%	1.1x
Total		8.4	7.9	5.7	8.9	7.3%	1.8x

GFP 6:

- Forestal Tierra Verde SA's audit by the Uruguayan tax authorities, which is a requirement as part of the liquidation process, is ongoing. Tierra Verde's tax advisers have not received any further inquiries since responding to the last information request in January 2018.
- On December 21, GTI 6 Institutional transferred its remaining net assets of the company to GTI 6 Liquidating LLC, a newly formed Delaware LLC, through a two-step merger. As part of this transaction, GTI 6 Institutional was merged into Global (Ex-US) Timber Investors 6 Ltd (Global) on December 21 and then Global was merged into GTI 6 Liquidating LLC on December 28. The purpose of these mergers

was to streamline administration and reduce expenses as GTI 6 awaits the conclusion of Tierra Verde's liquidation.

GTP 8:

- The following information was taken directly from the December 31, 2018 Final Report from Global Forest Partners:
 - December 31, 2018 total shareholders' equity of \$674.2 million (\$677.2 million on September 30, 2018)
 - Change in value of \$3.0 million was net of distributions to investors of \$77.4 million; a net unrealized gain of \$82.1 million; net investment loss of \$5.9 million; and fund expenses of \$1.8 million.
 - Two distributions totaling \$77.4 million were paid to investors during the fourth quarter: \$8.9 on October 11 and \$68.5 million on December 28.
 - Portfolio company cash flow of \$58.0 million was \$11.2 million better than budget, exclusive of proceeds from the sales of Nelson Forests and Turmalina and GTFP's third party debt proceeds.
 - Every investment performed as good as or better than expected for the year, noting that Turmalina's strategy changed as a result of its sale process.
 - Valuation Breakdown:

ABP	31%
GTFP	22%
Waonui	15%
El	13%
Chaklu	8%
Itaquari	4%
Araguar	3%

Inception to date IRR net of all fees and expenses is 6.8%

- Nelson Properties Liquidation Update
 - The sale of Nelson Forests Ltd. closed on September 4, 2018 and all post-closing adjustments were agreed on November 8, 2018.
 - On November 28, 2018, NPL was placed into liquidation and was subsequently liquidated on December 28, 2018 following a Final General Meeting and required filings in the Cayman Islands.
- Florestal Turmalina Reflorestamentos Sale Update
 - GFP executed binding purchase agreements for the sale of 100% of Turmalina's forest assets and 100% of the quotas of Salto da Capivara Empreendimentos Ltd., the land-owning entity within the Turmalina investment structure, for \$26 million.

o The sale is expected to net GTI 8 \$23.6 million, a 9.1% premium to the 2017 appraised value of \$21.6 million.

- Green Triangle Forest Partners (GTFP) 2019 Outlook:
 - o Finalize negotiations with OFO for additional supply.
 - o GTFP two year liquidation period began on December 31, 2018. Anticipated sale in 2020.
 - o Wind project to enhance returns.

GFP 10

- December 31, 2018 total shareholders' equity was \$335.9 million (\$295.6 million on September 30, 2018)
- The increase in equity value during the quarter of \$40.3 million was comprised of net unrealized gains of \$37.5 million, largely driven by appraisal gains over December 31, 2017 values; investment income of \$0.5 million; expenses of \$0.8 million; capital contributions of \$5.0 million; and net of a distribution to investors of \$2.0 million
- A capital call of \$5 million was made on October 9. Capital calls for the year totaled \$11.0 million.
- A distribution of \$2 million was made on December 27.
- Valuation Breakdown:

El Astillero	34%
Reliance Forest	28%
Cumare	11%
Rhu Rieng	10%
Southern Cross	10%
Agua Limpa	7%

- The inception-to-date IRR net of all fees and expenses is 2.7%.
- 2019 Outlook/Strategy:
 - Advance ongoing discussions with prospective manufacturing investors in Colombia.
 - Discussions with Suzano on second rotation at Agua Limpa.
 - Tender package for El Astillero will depend on market conditions.
 - Pending execution of ELC's, Phu Rieng will be put on the market.
 - Execute 2019 harvest plan at SCF and continue to build estate value.
 - Continue to develop supply chain capacity, 3rd party sales, and evaluate 2R program at RFF – Near-term distributions in Plan years will be supported by El Astillero, Agua Limpa and RFF.

WTF

- Fund entered its two year liquidation period on December 31, 2018.
- Unaudited financial statements indicate that the net asset value of the RII World Timberfund (WTF) was \$292.4 million on December 31, 2018 (\$310.1 million as of September 30, 2018).
- The change in investment value of \$17.7 million was the result of a net unrealized gain on investments of \$34.3 million; investment income of \$12.5 million; fund expenses of \$0.1

million; a net foreign exchange translation loss of \$15.4 million; and is net of distributions to investors of \$49.0 million.

- Two distributions totaling \$49.0 million were paid to investors during the fourth quarter: \$4.0 million on October 11 and \$45.0 million on December 28.
- GTFP operations and refinancing of internal notes drove cash result.
- GTFP sold additional volumes to OneFortyOne (OFO) and continued to execute customer diversification strategy.
- Oro Verde:
 - o Exported commercial thinnings to China through its bulk export program. Oro Verde also participated in pruned log export trials.
 - o GFP explored the opportunity to recapitalize the Oro Verde business and addition of a manufacturing facility.
 - o In late December, GFP received guidance from lead investors that they would not support the recapitalization.
 - o Sale process will commence early in 2019.
- Green Triangle Forest Partners (GTFP) 2019 Outlook:
 - o Finalize negotiations with OFO for additional supply.
 - o GTFP two year liquidation period began on December 31, 2018. Anticipated sale in 2020.
 - o Wind project to enhance returns.

- Molpus call with George Dahduh- 601-948-8733 x204- 9:25AM-9:40AM

Molpus Woodlands Group Fund IV

The information was gathered from sources deemed to be reliable²; however, no assurance is made as to the accuracy of the data or information presented.

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Firm and Team

- Invested \$3.7 billion across 3.8 million acres since inception (1996) in 17 states (50% U.S. South; 50% U.S. Northeast, Lake States and Inland West).
- Formed in 1905, developed into a timber manufacturer and later evolved into a leading Timber Investment Management Organization (“TIMO”), headquartered in Jackson, MS.
- Independent, privately-held Registered Investment Adviser registered with SEC since 2004.
- Team of 115, of which 73 are timber professionals or forestry experts.
- Currently managing over 2 million acres valued at \$2.2 billion.

Portfolio Overview

- The team does not anticipate selling any properties until 2025.
- MWF Osceola revenue was hindered during the 4th quarter due to limited supply of available marketable acres, restricted deliveries due to quotas during the first half of the year, and wet conditions during the second half of the year. Rainfall typically averages 7 to 8 inches during the fourth quarter; however, 15 to 22 inches of rainfall fell across the Osceola property this past quarter.

Total Commitment	\$662,560,000
Invested Capital	\$600,285,000
Current Value	\$585,859,942

Property	Acres	% of Portfolio Fair Market
Acadia	186,925	49%
Texarkana	120,941	37%
4-States	26,721	8%
Osceola	48,689	6%

Performance

- Realized investments have generated a net return of 5.8% and a 7.3% gross return since inception.
- Since inception, Molpus-managed properties have achieved a net return of 6.94% and a 8.41% gross return, 170 bps above the peer group.

<i>(unlevered)</i>	1	3 Year	5	10	ITD
Fund IV Gross	3.04	2.88%	4.79	3.89%	8.41
Fund IV Net Return	2.09	1.95%	3.81	2.91%	6.94
NCREIF Timberland	3.44	3.22%	4.98	3.83%	6.71

	Valuation	Actual	Model
MWF IV Acadia	287,125,074	1.79%	4.61%
MWF IV Osceola	33,419,521	-7.43%	4.68%
MWF IV Texarkana	214,518,237	0.51%	0.50%
MWF IV 4 States	50,422,815	14.53%	-3.74%
Combined Property Level	585,485,647	1.00%	3.25%
Fund Level Working Capital	374,295		
Combined Valuation and IRR	585,859,942	0.67%	3.04%
Distributions	24,750,000		
Total value	610,609,942		

Investment Consultant Review & Update Report

- Overview of Markets and Performance Report.

1. WIC provided a market update as of April 2, 2019 and a performance update through February 2019.
2. WIC provided a rebalancing report as of April 2, 2019.
3. WIC provided updated performance for Fisher Investments and Putnam as of March 31, 2019.
4. WIC presented a year to date schedule of distributions from limited partnerships (period ended April 2, 2019).
5. WIC presented an update on real estate, private equity and timber investments as of December 31, 2019.
6. The Board approved taking up to \$2.0 million from PRIT Core for the month of May to cover benefit payments and capital calls.
7. The Board was made aware of, and approved, the HEICO Corporation share class change in the Putnam Investment Small Cap Growth Portfolio.
8. The Board requested inviting two Venture Managers to the May 2019 meeting.

- Up to \$2M for April month-end warrant – VOTE-

A motion was made by Poore to move up to \$2 million from PRIT to eastern Bank for the April warrants, seconded by Benevento.

Vote- 5 yes

New Member Enrollments

Acknowledge new member enrollments:

- **Haverhill Public Schools:** Craig Riley, Jennifer Hartford and Amanda Lopez. **City of Haverhill- Highway Department:** Dewayne Brown and Nicole Gray. **City of Haverhill- Library:** Brendan Kiernan and ShanTil Yell. **City of Haverhill Police Department:** Danielle Harrison and Kaylee Sarfde. **City of Haverhill Fire Department:** Shane Surette.

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

Vote- 5 yes

Buybacks/Makeups- None

No action was taken as there were no Buybacks/Makeups.

Refunds

- **Haverhill Public Schools:** Alison Enaire, Christina Jenne, Penny Medrano and Catherine Parolisi.

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

Vote 5 yes

Transfers

- **Haverhill Public Schools:** Lara Cortellino (MTRS).

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

Vote- 5 yes

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 Police Department:** Clifford Demeritt (04/28/2019; 40 yrs., 3 months). **Haverhill Public Schools:** Richard Murray (04/03/2019; 26 yrs., 5 months).

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

Vote- 5 yes

PROSPER Update- No Action Needed at this time.

Minutes

- Review and approve the March 12, 2019 Special COLA meeting minutes.

A motion was made by Benevento to approve the minutes of the above mentioned March 12, 2019 Special COLA meeting, seconded by Cleary.

Vote- 5 yes

- Review and approve the March 12, 2019 Regular meeting minutes.

A motion was made by Benevento to accept the March 12, 2019 regular meeting minutes, seconded by Cleary.

Vote- 5 yes

Warrants

Review and approve the warrants:

- March 2019 Warrant #3-2019: \$2,236,913.50 (approved for up to \$2,500,000.00).
- Estimated April 2019 warrant: \$2,300,000.00.

A motion was made by Benevento to accept the above reference warrants, seconded by Poore.

Vote- 5 yes

Correspondence to be reviewed

Scott + Scott	4/2/19	Litigation Update
PERAC Memo #12/2019	3/27/19	Tobacco Company List
PERAC Memo #13/2019	3/29/19	Mandatory Retirement Board Member Training- 2 nd Quarter 2019
PERAC Memo #14/2019	4/2/19	Forfeiture of Retirement Allowance for Dereliction of Duty by Members
Eastern Bank	2/19	Bank Reconciliation

New Business

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

A motion was made by MacDonald to adjourn the meeting at 11:15AM, seconded by Benevento.

Vote- 5 yes

Date of next scheduled Retirement Board meeting is Tuesday, May 14, 2019, 9:00AM.



William J. Klueber, Chairman



James P. Cleary, III



Richard MacDonald



Charles Benevento



Lewis F. Poore, Jr.