

HAVERHILL RETIREMENT BOARD

Tuesday, August 14, 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).

Executive Session- First America Asia Fund- The Board will convene in executive session to discuss litigation strategy regarding First America Asia Fund pursuant to M.G.L. c. 30A, § 21(a)(3).

A motion was made by MacDonald to go into Executive Session to discuss litigation strategy regarding First America Asia Fund pursuant to M.G.L. c. 30A, § 21(a)(3), seconded by Cleary.

Roll Call Vote- 5 yes, Klueber, Cleary, Benevento, MacDonald and Poore.

A motion was made by MacDonald to close the Executive Session and resume the regular meeting, seconded by Cleary.

Roll Call Vote- 5 yes, Klueber, Cleary, Benevento, MacDonald and Poore.

Investment Consultant Review & Update

- Overview of Markets and Performance Report.

2. WIC discussed all transactions that took place with PRIT as of October 1, 2018. The Board discussed the cash availability as a result of the full liquidation of DDJ. The Board voted to send an additional \$ 4 M into the PRIT fund as of September 1, 2018.

3. WIC provided an updated performance summary through June 30, 2018.

4. WIC provided updated performance for Fisher Investments and Putnam as of July 31, 2018.

- Up to \$2.5M for August month-end warrant – VOTE.

A motion was made by Poore to transfer \$4 million from the People's United Bank Account to PRIT on September 1, 2018, seconded by MacDonald.

Vote- 5 yes

Investment Manager Update

- Globespan Capital- 9:45AM-9:50AM- Andy Goldfarb- 617-947-2310.

Globespan Fund V

- Form ADV Part 1 Item 11 did not disclose any disciplinary event. Globespan is an exempt reporting adviser under the Dodd Frank venture capital exemption and therefore does not generate an ADV Form 2A or 2B.
- Audit for 2017 had an unqualified opinion

- LP distributions of \$ 97.5 M distributions in q2-18 related to the partial dispositions of Redfin (sold 33.9%) and Roku (55.5%)
- The Fund has made \$441.4 M of limited partner distributions (invested \$ 409.3 M) as of 6/30/18. Net IRR of 12.5%. Total called since inception is \$ 372.8M.
- BitSight recently raised \$60 M at a valuation of \$ 750 M.
- Betterment announced in July 2017 a capital raise of \$ 70 M on a total valuation of \$ 800 M.
- The portfolio still has 11 portfolio companies left.
- Current major drivers of value include: BitSight, Credit Sesame, Redfin Corporation, Rev.Com and Roku.
- Andy Goldfarb (Executive Managing Director/Co-Founder) believes that Bitsight, Betterment and Turbonomics are candidates for IPO in 2020.
- Firm is in the process of raising Fund VII (\$ 100 M fund) to invest in series B and C. Mr. Goldfarb will continue to have a small organization, but very focused. Mr. Goldfarb will incorporate the notion of venture affiliates that will participate in the carry to generate value.
- Q2-18 valuation on unrealized companies is as follows:

Direct Investments:	Initial Investment Date	Cost	Current Value	Gain
Betterment Holdings, Inc.	July-13	4,062,437	8,839,078	4,776,641
BitSight Technologies, Inc.	May-13	13,128,432	39,367,246	26,238,814
Credit Sesame, Inc.	June-12	11,931,663	25,606,347	13,674,684
Globespan Japan Holdings, LP	Various	2,980,161	-	(2,980,161)
GupShup, Inc.	January-10	11,774,973	22,344,082	10,569,109
Kaminario, Inc.	March-11	19,669,167	25,865,486	6,196,319
nWay, Inc.	June-10	3,109,387	-	(3,109,387)
Perfecto Mobile Ltd.	September-12	9,231,208	16,144,137	6,912,929
Redfin Corporation	October-11	7,104,070	42,280,815	35,176,745
Rev.com Inc.	December-10	11,368,082	59,982,799	48,614,717
Roku, Inc.	August-11	8,704,912	88,712,209	80,007,297
Silicor Materials Inc.	June-06	15,472,618	-	(15,472,618)
SundaySky Ltd.	October-08	15,864,535	32,358,190	16,493,655
Turbonomic Inc.	March-13	9,368,162	28,550,330	19,182,168
ZeaChem, Inc.	October-12	688,855	-	(688,855)
Total Unrealized – Direct Investments		144,458,662	390,050,719	245,592,057

- Molpus- 9:50AM-10:05AM- George Dahduh and Jamie Houston and Edgar Marshall- 601-948-8733 x204

Molpus Woodlands Group Fund IV

Performance 1 Year 3 Year 5 Year 10 Year
Summary

*Fund Level**Returns As of**3/31/2018*

<i>Molpus</i>	-1.43%	2.19%	5.32%	3.46%
<i>Aggregate Net</i>				
<i>Return</i>				
<i>NCREIF</i>	3.79%	3.44%	6.10%	4.06%
<i>Timberland</i>				
<i>Index</i>				

Assets under Management as of June 30, 2018

The team is currently managing over 2 million acres values at \$2.4 billion. Molpus Woodland Fund IV is currently managing 385,007 acres of land in Southeastern United States.

Regulatory Update

Form ADV Part 1 Item 11 did not disclose any disciplinary event. The following is a summary of Wainwright's observations for ADV Part 2A. The Form ADV 2A (dated, March 29, 2018) 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.

FINRA Broker Checks were conducted on Dick Molpus with no reports generated.

Audit for 2017 had an unqualified opinion.

Firm and Process Overview

The Firm has invested \$3.7 billion across 3.8 million acres since inception in 18 states. The Firm is an independent, privately held RIA, which registered with the SEC in 2004. The team consists of 112 individuals, 72 of which are timber professionals of forestry experts with deep industry expertise. There has been no significant team turnover in the past year. In the fall of 2017, the team closed its first on site SEC examination. Dick Molpus has taken the role of Chairman with Bob Lyle taking his place as President. With this change, the Firm is still being run the same as it was previously.

The Fund purchased catastrophe insurance in all properties. It has a \$ 10 M deductible.

Molpus Woodland Fund IV

Total Commitment - \$662,560,000

Invested Capital - \$600,285,000

Current Value - \$610,708,432

The investment period for the fund is over and there will be no more capital calls. Investment period ended in April 2018.

Performance
Update (as of
3/31/2018)

Property	Valuation	Actual IRR	Model IRR
<i>MWF IV Acadia</i>	\$309,755,004	4.82%	2.33%
<i>MWF IV Osceola</i>	\$40,057,668	-2.41%	1.49%
<i>MWF IV</i>	\$212,178,270	-0.64%	-1.08%
<i>Texarkana</i>			
<i>MWF IV 4-States</i>	\$45,399,281	N/A	N/A
<i>Combined</i>	\$607,390,223	2.71%	1.2%
<i>Property</i>			
<i>Working Capital</i>		\$3,318,209	
<i>Distributions</i>		\$15,000,000	
Total Value	\$625,708,432	2.31%	0.95%

Performance Discussion

According to Molpus models, the Fund is ahead of schedule on distributions (distributions have plateaued in the past year or so). The actual IRR of 2.31% is ahead of schedule. In general, the Fund will have the benefit of harvesting the land that is sold. The Acadia timber prices have remained relatively strong relative to other regions in southeast United States.

Portfolio Characteristics (as of 6/30/2018)

MWF IV Acadia

Acres: 191,059

Location: Southwest Louisiana

Purchase Date: October 2016

Year-to-date Timber Revenue of \$1,173,950 is 14% ahead of the budgeted schedule. In addition, two land sales have closed year-to-date, generating income of \$403,187. There are additional land sales under contract. The team has allotted for approximately 5-7% of the land to be sold.

Operationally: There are currently nine contract logging crews hauling timber to the three Fiber Supply Agreement delivery points, as well as to an additional five open market mills. The 2018 reforestation complete with 6,810 planted with genetically improved loblolly pine seedlings. 2,674 acres treated with the mid-rotation fertilization program. Hunting lease rates increased by 6% this year, with expected revenue of \$1,000,000 from hunting leases and camp site fees.

MWF IV Osceola

Acres: 48,686

Location: North Florida / SE Georgia

Purchase Date: January 2016

Year-to-date Timber Revenue of \$436,637, below budget of \$1,066,520. Expenses totaled \$160,772, coming in under budget by 17%.

Operationally: Deliveries of pine pulpwood to Packaging Corporation of America (PCA) through the wood supply agreement remain on target. Planting of 1,862 acres with genetically-improved pine seedlings was completed in the first quarter. Site preparation of 1,736 acres is scheduled to

be completed for the 2019 planting season. Fertilization of 2,332 acres of young pine plantations is under contract to be completed in the third quarter. This is the only asset that has debt (\$ 35 m). The loan was refinanced in December 2017 for 7 years (standard line of credit with lump sum payment at the end). The fund imposes no restrictions to sale land (5% of the land allocated for parcel sales).

MWF IV Texarkana

Acres: 121,140

Location: Southwest Arkansas and Northeast Texas

Purchase Date: December 2016

Year-to-date Timber Revenue of \$1,502,683 compared to the budget of \$1,151,022. First quarter expenses were \$590,516, compared to the budget of \$928,617.

Operationally: 469 acres were hazard reduction burned during the first quarter. Majority of burn expense reimbursed through a Texas A&M Forest Service grant. 1,311 acres were planted during the first quarter of 2018, of which 353 acres were hand planted and 958 acres were machine planted. 5,579 acres of recently thinned plantations were fertilized in the first quarter of 2018. Property dual certified under the FSC and SFI programs.

Actuarial Assumption- Board Vote Needed.

A motion was made by Benevento to set the discount rate at 7.25% along with 13 years as recommended by the actuary Larry Stone in his report, seconded by Cleary.

Vote- 5 yes

New Member Enrollments

Acknowledge new member enrollments:

Haverhill Public Schools: Morgan Savage and Kristen Thislewood. **Haverhill Fire Department:** Evan Kelleher and Robert Miles. **City of Haverhill-Human Resources:** Maria Jones. **Haverhill Public Library:** Susan Judkins. **City of Haverhill-Highway Department:** Yuli Diaz.

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

Vote- 5 yes

Board vote to remove Haverhill Fire Department employee Stanley Phanor from membership.

A motion was made by Poore to rescind the vote of membership of Stanley Phanor due to not becoming an employee of the City of Haverhill, seconded by MacDonald.

Vote- 5 yes

Buybacks/Makeups

Haverhill Wastewater Department: Brett Baron, 11 months (6/12/17-5/28/18). **Haverhill Public Schools:** Debra D'Orazio, ESP, 2 years, 7 months (11/24/14-6/10/18). **United States Military Service:** James Rutledge, 2 years, 10 months.

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

Vote- 5 yes

Refunds

- **Haverhill Police Department:** Victoria Ricart. **Haverhill Public Schools:** Elisania Nunez.

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

Vote- 5 yes

Transfers

Haverhill Public Schools: Catherine Hicks (Middlesex County) and Stephanie Croston (Middlesex County).

Transfers were 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 School Department:** Lee Henderson (09/29/2018; 21 yrs., 11 months) and Karen Petrycki (09/14/2018; 24 yrs., 10 months).
Haverhill Fire Department: Jonathan Mimms (08/25/2018; 31 yrs., 0 months).
Haverhill Planning Department: Sandra Palmer (08/11/2018; 22 yrs., 1 month).
Haverhill Treasurers Office: Cynthia Warnke (09/29/2018; 33 yrs., 0 months).
Haverhill Hale Hospital: Sandra Burns (09/03/2018; 10 yrs., 11 months).

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

Vote- 5 yes

91A Notice of Termination- No Response

- Paul A. Weinburgh
- Bradley P. Andrews

A motion was made by Poore to terminate the payments to Paul A. Weinburgh and Bradley P. Andrews due to the 91A Notice of Termination per PERAC and after the retirement office had phone communication with both individuals and mail communication, seconded by MacDonald.

Vote- 5 yes

- Vincent D. Lorigan

A motion was made by Poore to review the 91A Notice of Termination for Vincent D. Lorigan at the September 11, 2018 board meeting due to the inability to communicate with Mr. Lorigan by phone prior to the August 14, 2018 board meeting, seconded by MacDonald.

Vote- 5 yes

PROSPER Update-

The Administrator told the board that there was no update on PROSPER at this time.

Minutes

- Review and approve the July 10, 2018 Regular meeting minutes.

A motion was by MacDonald to accept the minutes, seconded by Cleary.

Vote- 5 yes

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Warrants

Review and approve the warrants:

- July 2018 Warrant 07-2018: \$2,186,578.04 (approved for up to \$2,500,000.00).
- Estimated August 2018 warrant: \$2,500,000.00.

A motion was made by Poore to accept the warrants as listed above, seconded by MacDonald.

Vote- 5 yes

Correspondence to be reviewed

PERAC Memo #21	7/10/18	Mandatory Retirement Board Member Training-3Q18
PERAC Memo #22	7/24/18	Public Records Law Side Letter Provisions
PERAC Memo #23	7/27/18	Reinstatement to Service under G.L. c. 32 § 105
PERAC Memo #24	7/27/18	Cost of Living Increase for Supplemental Dependent Allowance Paid to Accidental Disability Retirees and Accidental Death Survivors
Scott+Scott	7/6/18	FX Client Update and Tile Shop
Wolf Popper LLP	7/19/18	May 2018 Litigation Activity Update
Eastern Bank	6/2018	Bank Reconciliation
Legal-Michael Sacco	7/31/18	Recent CRAB Decisions

The Administrator reviewed the correspondence with the board.

New Business

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

A motion was made by Poore to allow the Administrator to attend 2 upcoming PERAC trainings, seconded by Cleary.

Vote- 5 yes

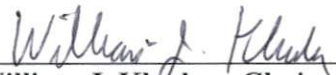
A motion was made by Benevento to allow board members to attend the upcoming MACRS Conference on Emerging Issues, including cost of travel and accommodations, seconded by Cleary.

Vote- 5 yes

A motion was made to adjourn at 11:22AM by MacDonald, seconded by Cleary.

Vote- 5 yes

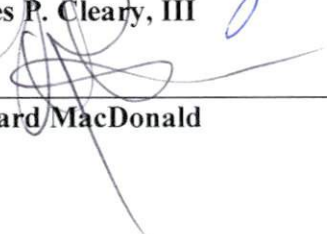
Date of next scheduled Retirement Board meeting is Tuesday, September 11, 2018, 9:00AM.



William J. Klueber, Chairman



James P. Cleary, III



Richard MacDonald



Charles Benevento



Lewis F. Poore, Jr.