

PLYMOUTH RETIREMENT BOARD
Friday, November 30, 2018
8:04 a.m.
10 Cordage Park Circle, Suite 235
Plymouth MA 02360

Chairman Kelley called the meeting to order at 8:04 a.m. in the conference room of the Cordage Commerce Center, Suite 235. There was a change in location of meeting due to electric and heat issues the Retirement Office was experiencing prior to the meeting. Present Board members were Lynne Barrett, Gerald Coughlin, and Dale Webber. Also present were Wendy Cherry and Karry Barros. Shawn Duhamel joined the meeting at 8:10 a.m. and Anthony Traghese from FIA joined the meeting at 8:30 a.m.

Section I: Regular Business

Minutes:

Minutes of October 26, 2018 Regular Meeting
Minutes of October 26, 2018 Executive Session

Motion to approve Minutes made by Mr. Coughlin; Seconded by Mr. Webber.
Unanimously voted.

Warrants:

Warrant #9 Dated September 30, 2018	\$	6,689,616.88	Final
Warrant #10 Dated October 31, 2018	\$	3,200,226.63	Partial
Warrant #11 Dated November 30, 2018	\$	1,775,290.13	Partial
Warrant #12 Dated December 31, 2018	\$	3,997.34	Partial

Trial Balance as of September 30, 2018 \$ 184,424,202.86

Motion to approve Warrants made by Mr. Coughlin; Seconded by Mr. Mr. Webber.
Unanimously voted.

Public Comment:

New/Old Business:

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PERAC MEMOS:

Memo #32/2018: Procurement

Section II: Membership:

New Hires:

Town:

- 9% Arponen, Marissa, Group 1, Laborer – Cemetery
Perm. Full-time: \$757.38 weekly
Start Date: November 19, 2018
- 9% Cushman, Ryan, Group 1, Laborer – Highway
Perm. Full-time: \$757.38 weekly
Start Date: November 13, 2018
- 9% Serrilla, Michael, Group 1, Motor Equipment Operator – Highway
Perm. Full-time: \$757.38 weekly
Start Date: November 13, 2018

School:

- 9% Grimes, Margaret, Group 1, School Committee Secretary
Perm. Full-time: \$2,269.23 bi-weekly
Start Date: November 5, 2018
- 9% Hernandez, Nickolas, Group 1, Custodian
Perm. Full-time: \$1,560.15 bi-weekly
Start Date: November 13, 2018
- 9% Nickerson, Laura, Group 1, School Nurse Floater
Perm. Full-time: \$3,248.01 bi-weekly
Start Date: October 22, 2018
- 9% Rogan, Lynne, Group 1, Paraeducator
Perm. Full-time: \$923.20 bi-weekly
Start Date: October 29, 2018
- 9% Wetherell, Kelli, Group 1, Registered Behavior Technician
Perm. Full-time: \$1,556.86 bi-weekly
Start Date: November 5, 2018

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Motion to accept Town and School New Hires made by Ms. Barrett; Seconded by Mr. Coughlin.
Unanimously voted.

Chairman Kelley told the Board that the effect of new hires paying nine (9) and two (2) percent into the System was reflected in the most recent Actuarial Valuation showing that liability has decreased by a Million Dollars.

Buybacks:

School:

Campbell, Diana, Group 1, Paraeducator, has requested to purchase prior part-time service from January 7, 2008 through October 8, 2018 with the Town of Plymouth School Department.
Total Buyback Amount: \$11,648.49

Motion to accept School Buyback made by Ms. Barrett; Seconded by Mr. Coughlin.
Unanimously voted.

Refunds:

Town:

Maughan, Allan, Group 4, Police Officer
Refund of Overpayment of Non-Taxable Deductions paid for Intermittent Police Service.
Total Refund: \$209.28

Motion to accept Town and School Refunds made by Ms. Barrett; Seconded by Mr. Coughlin.
Unanimously voted.

Rollovers:

School:

McGovern, Cathy Ann, Group 1, Cafeteria Worker
Eleven (11) Years, Eight (8) Months Creditable Service (1/8/2007-9/28/2018)
Total Rollover: \$8,772.84

Motion to accept School Rollover made by Ms. Barrett; Seconded by Mr. Coughlin.
Unanimously voted.

Transfers:

School:

Cannon, Jennifer, Group 1, Special Needs Aide
Nine (9) Months Creditable Service (12/4/2000-9/4/2001)
Total Transfer to Barnstable County Retirement Associate: \$240.91

MacDonald, Jane, Group 1, Student Services Secretary
Five (5) Years, Nine (9) Months Creditable Service (9/4/2012-6/22/2018)
Total Transfer to Quincy Retirement Board: \$16,880.25

Motion to accept School Transfers made by Ms. Barrett; Seconded by Mr. Coughlin.
Unanimously voted.

3(8)(c) Liability:

Darlene M. DeLancey, former Special Needs Aide with the Plymouth Public Schools is currently a member of the Falmouth Retirement System. Ms. DeLancey worked from August 31, 1999 – August 1, 2005, and took a refund of her deductions on February 28, 2013, in the amount of \$2,784.07. Ms. DeLancey is requesting to purchase her prior refund. If proper deductions and interest are re-deposited, will the Board take 3(8)(c) Liability for five (5) years and nine (9) months creditable service?

James C. Tobin, former Energy Conservation Coordinator with the Plymouth Public Schools is currently a member of the Lowell Retirement System. Mr. Tobin worked from August 22, 2005- April 28, 2010, and took a refund of his deductions on February 17, 2012, in the amount of \$25,699.74. If proper deductions and interest are re-deposited, will the Board take 3(8)(c) Liability for four (4) years and one (1) month creditable service?

Motion to accept 3(8)(c) Liability for Ms. DeLancey and Mr. Tobin made by Ms. Barrett;
Seconded by Mr. Coughlin. Unanimously voted.

Retirements:

Town:

Smith, Michael, J. Group 1, Maintenance Worker-Parks Dept.
Twenty-nine (29) Years, Ten (10) Months Creditable Service
Superannuation Retirement: opt c
Retirement Date: November 21, 2018

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School:

Dargie, Nancy J., Group 1, Administrative Secretary
25 years creditable service
Superannuation retirement, opt c
Retirement date: December 28, 2018

Maher, Denise, Group 1, Cafeteria Worker
Twenty-Four (24) Years Creditable Service
Superannuation Retirement: opt b
Retirement Date: December 31, 2018

Noel, Denise, Group 1, Paraeducator
Twelve (12) Years, Four (4) Months Creditable Service
Superannuation Retirement: opt b
Retirement Date: November 14, 2018

Cowan, Dave, Group 1, Head Custodian
Thirteen (13) Years, One (1) Month Service
Superannuation Retirement: opt c
Retirement Date: December 21, 2018

Motion to accept Town and School Retirements made by Mr. Webber; Seconded by Mr. Coughlin. Unanimously voted.

Board took a brief recess at 8:10 a.m.

Chairman Kelley reopened the meeting at 8:30 a.m.

Section III: Investments:

Mr. Tranghese briefly reviewed the Flash Reports through October 31, 2018. He told the Board that all the good news in September was washed out in October. The S&P 500 was down 6.8% in October and Growth leadership exhibited a complete reversal, as Value significantly outpaced growth in October. He added that International Stocks were negative for the 3rd Qtr. and the Bond Index (Bloomberg Barclays U.S. Aggregate) continued its drop in October, falling as interest rates increased throughout most of the curve. Mr. Tranghese told the Board that it is unlikely to make target returns for 2018, unless December has double digits.

The total Fund was at \$177,357,550, as of October 30, 2018. Performance was -4.8% vs. the Blended Benchmark at -5.4% for the month of October. The 3rd Qtr. performance was the same as the October monthly and YTD was -.6% vs. the benchmark at -1.6%. Mr. Tranghese reviewed the returns for the past five (5) calendar years and noted that 2017's return was 16.1%. He told the Board that the portfolio is built to get a 7% or 7.5% return, but it is rare to get it.

Mr. Tranghese requested the Board discuss their 2019, commitment for the Private Equity component of the portfolio. There was Board discussion.
Motion to commit \$4 Million to Private Equity Vintage Year 2019, made by Ms. Barrett;
Seconded by Mr. Duhamel. Unanimously voted.

Mr. Tranghese briefly reviewed the Preliminary Performance Flash Report for the OPEB Fund through October 2018. The total Fund was at \$4,723,677 as of October 31, 2018. Performance was at -4.7% for the 3rd Qtr. vs. the benchmark (OPEB Index Policy) at -4.6% and -1.4% Year-to-Date vs. the benchmark at -1.5%.

Chairman Kelley stated that the Town's current policy of adding 1% of gross payroll to the OPEB Fund yearly is a very good thing and he would like to send a letter to the Selectmen thanking them for adopting that policy. He asked Ms. Barret her thoughts on this.

Ms. Barrett agreed to the letter being sent.

Section III: Investment Manager Presentations:

Ameriprise:

Joe Dougherty, Senior Relationship Manager and Chris Jorel, Client Portfolio Manager joined the meeting and introduced themselves.

Mr. Dougherty told the Board that it has been about a year since the Board first invested with them. There was one change to the team, Jennifer Ponce de Leon-Senior Portfolio Manager, is on leave and has temporarily been replaced by Brian Lavin. He added that if Jennifer is unable to return, an existing Portfolio Manager will be promoted to Senior Portfolio Manager.

Mr. Jorel reviewed performance informing the Board that Year-to-Date (through September 30, 2018) performance has been disappointing. The Fund was at 1.40% vs. the benchmark (ICE BofAML US Cash Pay High Yield Constrained) at 2.5% (gross of fees). He explained that when rates move quickly, bonds with shorter maturities outperform long term maturities. This portfolio is under-weight on the short end and overweight on the long end. He added that the position of the portfolio is defensive, the strategy is focused on fundamentals resulting in the outcome of the process being longer than the benchmark.

Mr. Tranghese asked how Ameritrade would handle the situation if General Electric downgraded to low investment grade.

Mr. Jorel answered that there is a relatively low chance of that happening, the benchmark is constrained to 2%. To the extent that G/E has levers to stay out of high yield, their financing needs would not be able to be funded.

The Board thanked Mr. Jorel and Mr. Dougherty and they left the meeting.

Westfield Capital:

John Montgomery, Managing Partner & Portfolio Specialist and Jay Foley, Senior Associate/Marketing & Client Services joined the meeting and introduced themselves.

Mr. Foley told the Board that Halloween marked the ten (10) year anniversary of investing with Westfield Capital Management. He informed the Board that the team is the same however, they are adding resources with the addition of Nate Cummings (Information Technology) and Joe Kearney (Health Care).

Mr. Montgomery told the Board that there are no changes in the process, they employ a growth, at a reasonable price, investment style. He explained that they invest in companies with underappreciated earnings growth trading at reasonable valuations because they believe that stock prices will follow earnings growth. Key characteristics that are looked for in their investments are earnings growth and attractive valuations.

Mr. Montgomery reviewed performance through October 31, 2018, informing the Board that Year-to-Date the gross of fees return was at 6.95% vs. the benchmark (Russell 1000 Growth) at 6.62%. He added that performance has rebounded nicely since 2017, and 2018 has been a strong year. He explained that patience is rewarded in stock picking efforts.

Mr. Duhamel asked what is seen in the crystal ball for 2019.

Mr. Montgomery answered that valuations are not that troubling, that they are quality biased investors and are expecting modest returns in 2019.

The Board thanked Mr. Montgomery and Mr. Foley and they left the meeting.

Mr. Duhamel left the meeting at 9:30 a.m.

Barings U.S. Loan Fund Series

Mike Ziobrowski, Client Portfolio Manager, joined the meeting and introduced himself.

Mr. Ziobrowski told the Board that the Fund's name has changed from Barings Floating Rate to Barings U.S. Loan Fund Series. He also informed the Board that investors now have the ability to subscribe or redeem on any business day during the month and they have a larger fund platform now allowing a cap on operating expenses. Mike Freno took on the position of Head of Global Markets back in March and Anthony Shaka was added to Alternative Investments. There have been no material changes to the Firm, the process and strategy remain the same.

Mr. Ziobrowski told the Board that performance has been good, the Fund has been out-performing the benchmark for fourteen (14) months. He added that November, the first month of under-performance to the benchmark, is a technically driven market. In periods where credit

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selection is critical, the Fund performs better. Year-to-Date returns thru October 31, 2018, were 4.73% (gross of fees) vs. the benchmark (Credit Suisse Leveraged Loan Index) at 4.36%.

Mr. Webber asked what the Forest Products/Containers represents in the Sector Breakout Chart.

Mr. Ziobrowski answered that it is paper and plastic companies.

Mr. Tranghese asked about the mark down in November.

Mr. Ziobrowski answered that loans have floating rate coupons and prices did not escape this volatility in November. This is technical and driven by flows but temporary in nature.

The Board thanked Mr. Ziobrowski and he left the meeting.

PRIM General Allocation, Real Estate, Hedge Funds, and Private Equity

Francesco Daniele, Senior Client Services Manager, joined the meeting and introduced himself.

Mr. Daniele gave the Board an organizational update that included the following: PRIM is now 45 people strong with: 2 Ph. D's, 10 Masters' Degrees, 1 J.D., 10 CFA's, 6 CPA's, 2 CAIA's, and 19 CFA Investment Foundations Program Certificates. Organizationally, FY 2018, was another outstanding year. One senior-level employee departed, the first of such departure in several years, and consistent with the Board approved hiring plans, six staff vacancies were filled with top talent. PRIM's comparatively small staff researched and deployed approximately \$5.4 billion in new Board-approved investments in FY 2018, a new milestone for PRIM's productivity. Christina Marcarelli, an Investment Officer on the Real Estate team received the Chartered Alternative Investment Analyst (CAIA) credential. The CAIA curriculum is designed to provide a broad knowledge in alternative investments including Real Assets, Hedge Funds, Private Equity and structured products. The charter is 2 exams, 2 levels, and typically requires 12-18 months with more than 200 hours of study. Andrew Gromer, an Investment Analyst on the Public Markets team, was appointed Chair of CFA Boston Society Young Leaders Committee. As Chair, Andrew will organize events for the Society's new generation of investment professionals. Maureen Aquino, who spent most of her previous career at AIG in New York, will be joining the team as the new receptionist. Sarah Coelho will be joining PRIM as a corporate accountant on the Finance Team. Sarah previously worked at Bulger Partners as an accounting analyst. Grace Gao joined PRIM as an Investment Research Analyst in the Strategy group. Grace recently received her Masters' in Finance from MIT Sloan and previously interned at Baidu, Bain & Co. She earned her Bachelor of Arts in Finance from Peking University in China. Liu Liu is officially joining PRIM as a full-time investment Analyst in the Strategy Team. She has already interned with PRIM since June 2017. She has a Masters' in Finance from Brandeis University and earned her Bachelor of Arts degree in Finance from Shanghai Jiao Tong University.

Mr. Daniele told the Board that the September quarter was strong, but market volatility returned in October and November as Global Equities sold off sharply. The VIX spiked to 21.2 in October after reaching a low of 12.1 in the September quarter. The five-year average for the VIX is 14.8.

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October 2018, was the third worst month for the S&P 500 since the global financial crisis, with the S&P down 6.8%. It was the worst month since September 2011, when the S&P was down more than 7%. September 2011, was one month before the US debt downgrade and that sell-off occurred amid continuing concerns about the European debt crisis. The only other worse month was in May 2010 when the S&P was down 8% in the aftermath of the of the “Flash Crash”, which was caused in part by the early stages of the European debt crisis. One of the big challenges which surfaced recently is the stand-off between Brussels (the EU) and Rome concerning Italy’s dire fiscal situation. This only adds to the brew of caution that we identified last quarter. At the last meeting of the Board, there was discussion on the risks in the market and then there was a comparison of the current conditions to those of the mid-2014 through early 2016, (when there was an unprovoked global economic slowdown that led to correction in world financial markets). US GDP growth is growing at a 3.5% clip, the employment picture is bright, wages are finally rising and so is inflation. Meanwhile, the rest of the world, including Europe, China, and Japan, is slowing. At the last PRIM meeting, it was pointed out that we are observing some of the same market characteristics that were observed in the mid-2014, to 2016, downturn. Still today, many of the same conditions are being observed such as: 1) narrowing stock markets- as the equity rebound since the first quarter left many global markets and US sectors, 2) liquidity issues - it became difficult to secure US dollars from outside the US in 2015, (note: global funding conditions are still very tight for dollar funding), 3) the economic situation – there were vulnerabilities in the global economy before the tariffs, and tariffs are an additional negative for global growth, 4) equity markets generally peak at the peak acceleration of earnings, and not on the earnings peak itself - the S&P earnings were up approximately 20% on an 8% growth in sales for the second quarter and are expected to show similar if not better growth in the third quarter. The consensus is that it will be hard to maintain that strong level of growth going forward.

In closing, Mr. Daniele explained that it is their belief that the PRIT Fund is appropriately positioned for weakness in global equity markets and their main focus during the past several years has been to reduce their global equity exposure while identifying diversifying assets in their Portfolio Completion Strategies allocation.

PRIT Real Estate Fund performance Year-to-Date through October 31, 2018, was at 5.5% vs the benchmark (PRIM Custom total RE Benchmark) at 3.7%.

PRIT General Allocation Fund Year-to-Date performance through October 31, 2018, was at -.3% vs the benchmark (PRIT Benchmark) at .2%.

PRIT Hedge Funds Year-to-Date performance through October 31, 2018, was at .8% vs the benchmark (HFRI Fund of Funds Composite Index) at -2.1%.

PRIT Private Equity Composite Year-to-Date performance through October 31, 2018, was at 17.4% vs the benchmark (Russell 3000 Index) at 2.4%.

The Board thanked Mr. Daniele and he left the meeting.

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NOTE: Mr. Daniele provided the Board with a copy of his presentation notes which were used in these minutes.

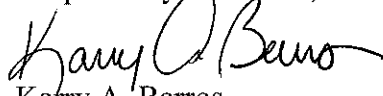
Next Meeting:

December 21, 2018

Adjourn:




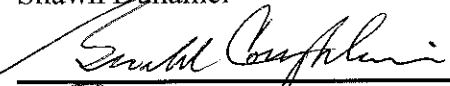
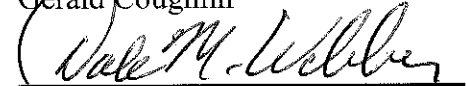
Motion to adjourn Regular Meeting at 10:30 a.m. made by Mr. Webber; Seconded by Mr. Coughlin. Unanimously voted.

Respectfully submitted,



Karry A. Barros
Assistant Director

Plymouth Retirement Board:


Mr. Thomas Kelley, Chairman
Lynne Barrett
Shawn Duhamel
Gerald Coughlin
Dale Webber

December 21, 2018
Dated