

Pursuant to a notice duly filed with the Town Clerk, a meeting of the Concord Retirement Board was held on Wednesday, August 24, 2016 at 8:30 a.m. at the Town House.

Present: **Peter J. Fulton, Chair, Elected**
Mary M. Barrett, Ex Officio
Anthony T. Logalbo, Appointed
Brian J. Whitney, Elected
Arnold D. Roth, 5th Member, Appointed

Also present: **Linda A. Boucher, Retirement Administrator**
Wendy Rovelli, Finance Committee Observer

Chair Peter Fulton, opened the meeting at 8:45 a.m.

The Board unanimously approved the July 21, 2016 meeting minutes.

The Board unanimously approved the August 31, 2016 retiree payroll as follows:

Pension \$494,632.22
 Annuity \$109,831.78
Total Payroll: \$604,464.00

The Board unanimously approved the following expenses:

Comerica Bank Domestic Equity Fund – Account No.: 10555053900
 Gross Market Value
 \$50,000,000.00 @ 0.0004 each annually x ¼ \$5,000.00
7,814,840.60 @ 0.0002 each annually x ¼ \$ 390.74
 \$57,814,840.60 \$5,390.74
 39.044730567 of \$5,390.74 (based on 22,573,648.74) \$2,104.80 \$2,104.80

Comerica Bank Fixed Income Account – Account No.: 1055053919
 Gross Market Value
 \$50,000,000.00 @ 0.0004 each annually x ¼ \$5,000.00
7,814,840.60 @ 0.0002 each annually x ¼ \$ 390.74
 \$57,814,840.60 \$5,390.74
 49.5376245662% of \$5,390.74 (based on 28,640,098.68) \$2,670.44 \$2,721.44

Russell Investments Invoice #53831

	Fund Name:	Average Market Value	Rate%	Fee Amount	
69 basis points	Russell Equity I Fund	17,701,678	0.17250	\$30,535.00	
86 basis points	Russell International Fund	<u>7,563,562</u>	0.21500	<u>\$16,262.00</u>	
	Subtotal:	25,265,240		\$46,797.00	\$46,797.00

ADP, Inc. Invoice #477219482 \$ 140.10

Town of Concord Reim. Board's share of ADP Invoice #476777676 \$ 1,439.70
 Town of Concord Reim. Q1FY17 tel. maint./June tel. chg. July tele. chgs./temp staff \$ 4,173.78

Columbia Management Invoice #115351 Account no.: 208549574 **Domestic Equity**

41.22 bps Period End
 Market Value
 2,000,000.00 @ 0.0075 annually x ¼ \$ 3,750.00
 8,000,000.00 @ 0.005 annually x ¼ \$10,000.00
12,503,538.56 @ 0.003 annually x ¼ \$ 9,377.65
 22,503,538.56 \$23,127.65
 Base Fee: 63.00

Total Investment Advisory Services

\$23,190.65

\$23,190.65

Columbia Management Invoice #115350 Account no.: 208553057 **Fixed Income**

10.125 bps

Period End
Market Value
28,542,540.70 @ 0.00135 annually x ¼ \$ 9633.11
Discount: @ (25.00)% (2,408.28)
Total Investment Advisory Services **\$7,224.83**

\$ 7,224.83

Bank of America Analysis invoice #16070088445

\$ 412.68

Total expenses:

\$ 88,204.98

The Board was provided with the following list of investment transactions:

BUY/SELL	Settle Date	Trade Face	Ticker/Coupon /Maturity	Sec Desc	CUSIP(Aladd in ID)	Trade Price	Yield	Moody Rating	S&P Rating
SELL	8/1/2016	-32,000.00	TAP 4.200 07/15/2046	MOLSON COORS BREWING CO	60871RAH3	104.737	3.93	Baa3	BBB-
SELL	8/1/2016	-16,000.00	TAP 4.200 07/15/2046	MOLSON COORS BREWING CO	60871RAH3	105.025	3.91	Baa3	BBB-
BUY	8/1/2016	25,600.00	T 2.500 02/15/2046	TREASURY BOND	912810RQ3	105-21	2.24	Govt	AA+
BUY	8/1/2016	12,800.00	T 2.500 02/15/2046	TREASURY BOND	912810RQ3	105-25+	2.23	Govt	AA+
SELL	8/2/2016	- 128,116.27	BSCMS_07-PW16- A4 5.910 06/11/2040	BSCMS_07-PW16	07388YAE2	102-08 3/4	2.35	Aaa	NR
SELL	8/2/2016	-3,937.52	GSMS_06-GG8-A4 5.560 11/10/2039	GSMS_06-GG8	362332AE8	100-08 1/8	0.21	Aaa	NR
BUY	8/2/2016	80,000.00	WPZ 5.100 09/15/2045	WILLIAMS PARTNERS LP	96949LAC9	91.094	5.73	Baa3	BBB-
SELL	8/4/2016	-59,000.00	M 2.875 02/15/2023	MACYS RETAIL HOLDINGS INC	55616XAH0	97.423	3.32	Baa2	BBB
BUY	8/4/2016	51,000.00	T 1.250 07/31/2023	TREASURY NOTE	912828S92	99-15 5/8	1.33	Govt	AA+
BUY	8/8/2016	80,000.00	MSFT 1.550 08/08/2021	MICROSOFT CORPORATION	594918BP8	99.895	1.57	Aaa	AAA
BUY	8/8/2016	55,000.00	MSFT 1.550 08/08/2021	MICROSOFT CORPORATION	594918BP8	100.062	1.54	Aaa	AAA
BUY	8/8/2016	10,000.00	MSFT 1.550 08/08/2021	MICROSOFT CORPORATION	594918BP8	100.118	1.53	Aaa	AAA
SELL	8/4/2016	-80,000.00	T 1.125 07/31/2021	TREASURY NOTE	912828S76	100-08 1/4	1.07	Govt	AA+
SELL	8/8/2016	-10,000.00	T 1.125 07/31/2021	TREASURY NOTE	912828S76	100.242188	1.07	Govt	AA+
SELL	8/8/2016	-55,000.00	T 1.125 07/31/2021	TREASURY NOTE	912828S76	100-07+	1.08	Govt	AA+
BUY	8/8/2016	75,000.00	NTRS 4.600 12/31/2049	NORTHERN TRUST CORPORATION	665859AQ7	100.625	4.52	Baa1	BBB+
BUY	8/8/2016	65,000.00	NTRS 4.600 12/31/2049	NORTHERN TRUST CORPORATION	665859AQ7	100	4.60	Baa1	BBB+
SELL	8/4/2016	-75,000.00	T 1.625 05/15/2026	TREASURY NOTE	912828R36	101-03	1.50	Govt	AA+
SELL	8/4/2016	-65,000.00	T 1.625 05/15/2026	TREASURY NOTE	912828R36	101-04+	1.50	Govt	AA+
SELL	8/3/2016	- 660,000.00	T 1.375 05/31/2021	TREASURY NOTE	912828R77	101-18 1/8	1.04	Govt	AA+
BUY	8/3/2016	660,000.00	T 1.125 07/31/2021	TREASURY NOTE	912828S76	100-10	1.06	Govt	AA+
SELL	8/3/2016	- 123,000.00	T 1.375 06/30/2023	TREASURY NOTE	912828S35	100-12	1.32	Govt	AA+
BUY	8/3/2016	123,000.00	T 1.250 07/31/2023	TREASURY NOTE	912828S92	99.497971	1.33	Govt	AA+
BUY	8/10/2016	51,000.00	NAROT_16-C-A3 1.180 01/15/2021	NAROT_16-C	65478WAD7	99.99044	1.19	Aaa	NR
SELL	8/8/2016	-60,000.00	XEC 4.375 06/01/2024	CIMAREX ENERGY CO	171798AC5	103.542	3.83	Baa3	BBB-
BUY	8/8/2016	44,000.00	T 1.625 05/15/2026	TREASURY NOTE	912828R36	100-21+	1.55	Govt	AA+
BUY	8/11/2016	145,000.00	CHAIT_16-A5-A5 2.930 07/15/2021	CHAIT_16-A5	161571HF4	99.97247	1.28	NR	AAA

SELL	8/5/2016	-60,000.00	T 0.500 01/31/2017	TREASURY NOTE	912828H78	100-01+	0.40	Govt	AA+
SELL	8/5/2016	-60,000.00	T 1.000 03/15/2019	TREASURY NOTE	912828P95	100-24	0.71	Govt	AA+
SELL	8/5/2016	-20,000.00	T 0.875 05/15/2019	TREASURY NOTE	912828R44	100-12+	0.73	Govt	AA+
SELL	8/9/2016	-	T 0.500 01/31/2017	TREASURY NOTE	912828H78	100-00+	0.47	Govt	AA+
BUY	8/9/2016	194,000.00	T 0.750 07/31/2018	TREASURY NOTE	912828S68	100-01 5/8	0.72	Govt	AA+
BUY	8/9/2016	194,000.00	T 0.750 07/31/2018	TREASURY NOTE	912828S68	100-01 5/8	0.72	Govt	AA+
SELL	8/17/2016	-65,400.00	T 2.500 02/15/2046	TREASURY BOND	912810RQ3	105.78893	2.23	Govt	AA+
BUY	8/17/2016	65,000.00	T 2.500 05/15/2046	TREASURY BOND	912810RS9	106-00	2.22	Govt	AA+
BUY	8/17/2016	618,000.00	T 1.500 08/15/2026	TREASURY NOTE	9128282A7	99-21	1.54	Govt	AA+
SELL	8/17/2016	630,000.00	T 1.625 05/15/2026	TREASURY NOTE	912828R36	100.670126	1.55	Govt	AA+

The Board unanimously approved the following new members:

Name	Unit	Department	Position	Hire Date	Group
Christopher Slavinskas	School	CCRS	Sr. IT Support	07/18/2016	1
Owen Curtin	School	CCRS	Music Lab Tech	07/11/2016	1
Luke Rennie	Town	Police	Patrol Officer	08/08/2016	4
Elizabeth C. Fidler	School	CPS	Behavior Spec.	08/29/2016	1

The Board unanimously approved the following new retirements:

Name	Unit	Department	Position	Retirement Date	Service
Anthony Logalbo	Town	Finance	Finance Director	09/12/2016	38.4167
Sharon Trainor	School	CCRS	Admin. Assist.	07/15/2016	19.5000

(Revised: Sharon Trainor: June minutes reflected a July 8, retirement date. Her actual retirement date was 07/15/2016)

The Board unanimously approved the following refunds/rollovers:

Name	Unit	Department	Position	Amount	Service
Jeannette Knochowski	School	CPS	SPED Tutor	\$21,856.10	6.3333

Direct rollover to TD Ameritrade Clearing, Inc.

David Pavlik	School	CCRS	Tutor	\$ 4,367.08	1.8333
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Direct rollover to Fidelity Investments

The Board unanimously approved the following transfers to another system:

Name	Unit	Department	Position	Amount	Service
Elizabeth O'Neill	School	CPS	Kindergarten Assist.	\$1,199.62	0.4167
Michael McGrath	Town	Police	Police Officer	\$ 622.92	0.0000

(Funds transferred previously. Additional deductions due to retro pay from police contract; no additional service)

Deaths:

None

Asset Allocation and Market Value Report:

Tony Logalbo reviewed the asset allocation and market values at July 31, 2016 with the Board. He noted that July was a good month as far as market value is concerned due to the receipt of Fiscal Year 2017 employer contributions. The total market value of combined assets (retirement system assets and the Town's Pension Reserve Fund) is \$153 million, up \$7.5 million from the prior month's-end. Housing Authority and Town employer contributions account for approximately one-half of the \$7.5 million increase. The remaining \$1.5 million in employer assessments were received on August 1, 2016.

Extracting employer contributions from the current market value, the fund is up approximately 3.69% for the month.

One-year performance is up 3.72% compared to the state's Pension Reserve Investment Trust Fund's (PRIT) return of 4.59%. Looking solely at the retirement system assets, the market value of the fund is up 4.17% for the one-year period ended July 31, 2016. It's positive but still not reaching the actuarial assumed rate of return.

We made a decision a long time ago to keep some assets in the Russell International Fund – it has not paid off. But, with every diversified portfolio, there will be at least one strategy that won't pay off.

Funding Schedule:

The Board reviewed the January 1, 2016 Actuarial Valuation provided by Stone Consulting, Inc. Tony indicated that page eight of the valuation report shows a funded ratio of 83.00% at January 1, 2016. The consequence of the valuation is the funding schedule includes an increase of approximately \$250,000 to the Fiscal Year 2018 town budget (General Fund) impact as well as a \$60,000 regional school district budget impact.

MOTION:

Tony Logalbo motioned to adopt the funding schedule set forth in the January 1, 2016 actuarial valuation as prepared by Stone Consulting, Inc. based on a 7.0% discount rate. Brian Whitney seconded the motion. **Voted unanimously.**

PERAC'S Emerging Issues Forum:

Peter Fulton, Tony Logalbo, Mary Barrett and Linda Boucher have signed up for attendance at PERAC's Emerging Issues Forum scheduled for September 15, 2016 at the College of the Holy Cross, Worcester, MA.

Member Educational Seminar:

The Board has scheduled a Member Educational Seminar for September 14, 2016 at 3:00 p.m. Speakers will include Tom Gibson, Esq.; Larry Stone, Actuary, Richard Biagiotti, President, Personal Financial Management Plus, Inc. and Tony Logalbo. Light refreshments will be provided.

MOTION:

Tony Logalbo motioned to approve an expense budget of \$250.00 for refreshments provided for the Member Educational Seminar. Arnold Roth seconded the motion. **Voted unanimously.**

OCIO Follow-up Discussion:

The Board has discussed the possibility of retaining an Outsourced Chief Investment Officer. The Board directed their administrator to locate a few sample Request for Proposals (RFP) from other retirement systems to assist in the preparation of our own RFP for this service. Tony will review the documents and the discussion will be tabled for the September retirement board meeting.

GASB 67 & 68:

In accordance with the requirements set forth by the Government Accounting Standards Board (GASB) Statement 67 & 68, Stone Consulting, Inc. prepared a set of illustrative tables and other Required Supplementary Information (RSI) based on the January 1, 2015 actuarial valuation of the Concord Retirement System. For GASB 67, the results are as of a valuation date of January 1, 2015 and a reporting date of December 31, 2015. For GASB 68, the results are as of a valuation date of January 1, 2015 (measurement date of December 31, 2014) and a reporting date of June 30, 2016.

MOTION:

Tony Logalbo moved to accept the Actuary's GASB 67 & 68 report for June 30, 2016. Arnold Roth seconded the motion. **Voted unanimously.**

PERAC Memos:

The Board was notified of the following PERAC Memos: PERAC Memo #19/2016 – Cost-of-Living Increase for Supplemental Dependent Allowance; PERAC Memo #20/2016 – Reinstatement to Service under G.L. c. 32 § 105; and PERAC Memo #21/2016 - Updating PERAC's Website on Supplemental Regulations.

Regarding PERAC Memo #21/2106, the Board will review its current Supplemental Regulations and will table this matter for the September retirement board meeting.

There being no further business before the Board, it was upon motion made and duly seconded that the meeting adjourned at 10:00 a.m.

Peter J. Fulton, Chair, Elected

Mary M. Barrett, Ex Officio

Anthony T. Logalbo, Appointed

Brian J. Whitney, Elected

Arnold D. Roth, 5th Member, Appointed