

PLYMOUTH RETIREMENT BOARD
Friday, April 26, 2019
8:05 a.m.
212 South Meadow Road, Unit #3
Plymouth MA 02360

Vice Chair Lynne Barrett called the meeting to order at 8:05 a.m. in the conference room of the Plymouth Retirement Office. Present Board members were Gerald Coughlin and Dale Webber. Also present were Wendy Cherry, and Karry Barros. Shawn Duhamel joined the meeting at 8:15 a.m. and Anthony Tranghese joined the meeting at 8:25 a.m. Chairman Thomas Kelley was absent.

Section I: Regular Business

Warrants:

Warrant #2 Dated February 28, 2019	\$ 3,165,839.82 Final
Warrant #3 Dated March 31, 2019	\$ 5,121,936.78 Final
Warrant #4 Dated April 30, 2019	\$ 258,934.44 Partial
Warrant #5 Dated May 31, 2019	\$ 6,000.00 Partial

Trial Balance as of March 31, 2019: \$173,894,290.09

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

Public Comment:

New/Old Business:

Vice Chair Barrett told the Board that the furniture for the waiting room and two monitors voted at the last meeting have been purchased and installed. She added that she wants to thank Wendy, Tricia, and Susan for assembling the furniture and Karry for helping to purchase and set up the install of the monitors.

Mr. Coughlin and Mr. Webber commented that the waiting room looks very nice.

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Mr. Webber asked if the Board would consider expanding the Comcast cable channel package to include World News and Bloomberg channels. He added that he feels this would be beneficial for those waiting.

Motion to approve expanding the Comcast cable channel package to include World New and Bloomberg channels made by Mr. Coughlin; Seconded by Mr. Webber. Unanimously voted.

Powers & Sullivan:

The Board received the Final Audit of Specific Elements, Accounts, and Items of Financial Statements for Year Ended December 31, 2017.

Motion to accept the Final Audit of Specific Elements, Accounts, and Items of Financial Statement for Year Ended December 31, 2017, made by Mr. Coughlin; Seconded by Mr. Webber. Unanimously voted.

PERAC MEMOS:

Memo #12/2019: Tobacco Company List
Memo #13/2019: Mandatory Retirement Board Member Training – 2nd Quarter 2019
Memo #14/2019: Forfeiture of Retirement Allowance for Dereliction of Duty by Members
Memo #15/2019: Application for a Waiver of Education Restrictions

Section II: Membership:

New Hires:

Town:

9% Breen, Caitlyn, Group 1, Dispatcher
Perm. Full-time: \$783.23 weekly
Start Date: April 16, 2019

9% DeCoste, Denise, Group 1, Inspector/Lister
Perm. Full-time: \$924.74 weekly
Start Date: April 22, 2019

School:

9% Racicot, Ryan, Group 1, Moderate Special Needs Paraprofessional
Perm. Full-time: \$849.51 bi-weekly
Start Date: March 25, 2019

9% Thomas, Stephen, Grounds Man Floater – PSMS
Perm. Full-time: \$1,591.38 bi-weekly
Start Date: April 1, 2019

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

Rollovers:

School:

Thompson, Ami, Group 1, Paraeducator
Nine (9) Years, Two (2) Months Creditable Service (9/18/2006-3/15/2019)
Total Rollover: \$18,615.24

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

Transfers:

Town:

Chiros, Andrea, Group 1, Social Outreach Worker
One (1) Year, Eight (8) Months Creditable Service (4/3/2017-1/2/2019)
Total Transfer to State Retirement Board: \$7,910.78

Young, Jennifer, Group 1, Director of Elder Affairs
Eight (8) Years, One (1) Month Creditable Service (2/14/2011-3/21/2019)
Total Transfer to Hingham Retirement Board: \$39,605.96

School:

Slazas, Christina, Group 1, Paraprofessional
Ten (10) Months Creditable Service (10/24/2016-9/22/2017)
Total transfer to MA Teachers Retirement System: \$1,457.08

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

Retirements:

Town:

Westerlind, Marilyn T., Group 1, Administrative Assistant
Sixteen (16) Years Creditable Service
Superannuation Retirement opt: b
Retirement Date: June 28, 2019

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Roderick, Anna, M., Group 1, Crossing Guard
Twelve (12) Years, One (1) Month Creditable Service
Superannuation Retirement opt: c
Retirement Date: May 1, 2019 - Corrected Date: April 30, 2019

Volta, Janine, M., Group 1, Crossing Guard
Twenty Years (20), Nine (9) Months Creditable Service
Superannuation Retirement opt: b
Retirement Date: May 1, 2019 -Corrected Date: April 30, 2019

Tatalias, Marcia, L., Group 1, Crossing Guard
Twenty-One Years (21), Four (4) Months Creditable Service
Superannuation Retirement opt: b
Retirement Date: April 30, 2019

School:

McAuley, Duncan A., Group 1, Custodian
Sixteen Years (16), Five (5) Months Creditable Service
Superannuation Retirement opt: b
Retirement Date: April 26, 2019

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

Creditable Service Request:

Duncan McAuley, Group 1 Custodian retiring on April 26, 2019, has requested one month of creditable service for the month of October 2018. Mr. McAuley was out on approved unpaid leave during this time and did not receive creditable service.

Mr. Coughlin asked if anyone knew the reason Mr. McAuley was out on approved leave.

Ms. Barros informed the Board that Mr. McAuley was out on a 30-day approved leave of absence to care for an immediate family member.

Motion to grant creditable service for the month of October 2018, to Duncan McAuley made by Mr. Coughlin; Seconded by Mr. Webber.

Discussion:

Vice Chair Barrett asked if the Board has the authority to grant this service and if so, has the Board done this in the past.

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Mr. Coughlin explained that the law allows for up to one-month (30) days of service to be granted by the Board if the member was on approved leave and makes the request in writing. Ms. Cherry added that the Board has granted service in the past to members with similar circumstances.

Motion to grant creditable service and Second carried. Unanimously voted.

Ch 176 of the Acts of 2011, S. 48: \$15,000 Minimum Retirement Allowance of Retirees with 25 or More Years of Service:

Board to discuss the re-calculation and retroactive payments to 10 retirees who had 25 or more years creditable service.

Ms. Cherry explained to the Board that on February 17, 2012, the Board voted to increase the minimum retirement allowance for retirees with 25 or more years of creditable service and this local option was voted at Town Meeting on April 18, 2012. There were nine or ten retirees that were adjusted properly back in April of 2012, but then, in error, no other retirees were adjusted going forward. During a recent audit, Ms. Cherry and Ms. Barros became aware that there were ten (10) retirees that should have been increased to the minimum allowance of \$15,000.00 but were not. Ms. Cherry recalculated these ten (10) retirees including COLA increases they should have been entitled to. The corrections and retro payments have been completed and will be disbursed in the April 2019, retiree payroll, pay date April 30, 2019.

Section I Regular Business Continued:

Minutes:

Minutes of March 29, 2019

Regular Meeting

Motion to approve Minutes of March 29, 2019, Regular Meeting made by Mr. Webber;
Seconded by Mr. Duhamel. Vice Chair Barrett voted in the affirmative.

Mr. Coughlin abstained.

Motion carried by majority vote.

Section III: Investments:

Anthony Tranghese from FIA gave the Board a 1st Qtr. 2019 update. Mr. Tranghese told the Board that the S&P was +1.94% for the month of March 2019, and + 13.65% for the 1st Qtr. 2019. The Markets in the 1st Qtr. 2019, were basically a mirror image of the 4th Qtr. 2018, and returns were very strong across the board.

Mr. Tranghese reminded the Board that in addition to providing their annual update to the Board, Templeton was coming in to discuss opportunities in International Equity due to the Boards expressed concern regarding the upcoming Appropriation and International Equity. He added

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that he was going to ask if there are opportunities in International Equity looking through the lens as a long term investor.

The total Fund was at \$177,677,772, as of March 31, 2019. The Fund is close to target allocation across the board, being just slightly underweight in International Equity. Performance as of March 31, 2019, was +.7% for the month vs. the Blended Benchmark at +1.1%. First Qtr. 2019 performance was +7.8% vs. the Blended Benchmark at +9.4%. Manager performance was overall strong. There has been some focus on Boston Advisors, next month a deep dive will be taken on their performance. Boston Partners, which has a Value tilt in their strategy, has underperformed so far this year. Boston Trust, Small Cap Manager, is at +15.7 for the 1st Qtr. 2019. They have been one of our Managers for 10 years and are a good example of staying the course when it makes sense. This rebound has them back in line, so patience has been rewarded. Wellington Opportunistic is on watch. There have been some changes, one of their two lead managers in charge of Equity has been removed. Underperformance has been a real issue for them. PRIT's performance was at +6.3% and Plymouth was at +7.8 for the 1st Qtr. 2019, this is a strong outperformance so far this year.

Mr. Duhamel asked if there were any Managers to be concerned with that have not been discussed.

Mr. Tranghese answered that Boston Partners is not a big red flag but their underperformance in the 1st Qtr. is being reviewed. He added that it is a slight underperformance and could rebound.

Mr. Tranghese gave an OPEB Trust update. The total Fund was at \$4,977,598, as of March 31, 2019. He informed the Board that all three RhumbLine Funds are performing in line with the benchmark and there will be approximately One Million put into the Fund July 1, 2019.

Mr. Tranghese gave the Board copies of the Preliminary Cash Flow Worksheet for the FY/2020 Appropriation. He told the Board that this is what the allocation looks like as of today. There will be 5,000,000.00, held for pension payments leaving approx. 9,100,000.00 to allocate.

Vice Chair Barrett stated that the discussion today with Templeton and other International Managers next month will give the Board a better sense of whether to adjust the International Equity allocation. She added that it would be best to continue to consider in May and then take the vote in June.

Templeton International Equity Fund:

Sandi Schoren-Testa, Senior Vice President and Andrew Burkly, CFA joined the meeting.

Ms. Schoren-Testa greeted the Board and explained that she is familiar with the Board's concerns on the International Equity side. She then turned the presentation over to Mr. Burkly.

Mr. Burkly greeted the Board. He told the Board that Franklin Templeton has total combined Assets Under Management of US \$712.3 Billion. Templeton's investment approach is highly

disciplined and maintains a keen focus on competencies. They also offer strategies where the universe is large enough that they are able to offer an unconstrained portfolio. He explained to the Board that the Markets have been volatile over the past year. Fundamentals in the U.S. have been very strong but that has not happened in the rest of the world, the rest of the world has experienced a later recovery from the financial crisis. The U.S. has led in the time line, for most of 2018, the U.S. was strong with the exception of the 4th Qtr. Mr. Burkly told the Board that although the world has not come back at the same speed as the U.S., he does not feel this will last. The portfolio is in a defensive position, with quality and style. As Value investors, we understand that there are times when Value outperforms but Growth is currently outperforming at 16% vs. Value at 12%.

Mr. Burkly went on to inform the Board that the U.S. is trading at almost thirty (30) times earnings while Europe and the Emerging Markets are much lower than that. Over ten (10) years, the current levels are expected to revert to the mean.

Vice Chair Barrett mentioned it appears that when the economy was really bad, International was doing good.

Mr. Burkly explained that the U.S. has tended to close the gap and we see a later cycle outside of the U.S. The Index in the U.S. has been led by Technology but outside of the U.S. it is later cycle cyclical. We are invested in banks, the International Banks have recovered slower. Banks tend to do better when interest rates are rising. Back in 2016 and early 2017, interest rates were higher. In the 4th Qtr. 2018, the Fed paused. It would be a bearish forecast to think rates will come back. Mr. Burkly told the Board that BP and Royal Dutch Shell are two companies that are in the Energy Sector. Oil prices are just about right at this time, \$30 a barrel is break, so the more oil prices move above those levels the more cash is generated by those companies.

Mr. Duhamel commented that in the long term, oil is not a good investment. He asked if there is any investment plan for Fossil Fuels.

Mr. Burkly told the Board that they are currently making adjustments. That would be a (five) year investment, not a twenty (20) year investment which will trend lower. The Emerging Markets, China for instance, is trying to go electrification. At the point batteries cost less than engines, there will be a change.

Mr. Tranchese asked if Mr. Burkly could touch on 1) Emerging Markets and trade wars (with N. Korea as a side topic) and 2) Europe and the BREXIT- slow growth.

Mr. Burkly answered that the politics of Europe is a separate issue. Last year there was ongoing concern over politics which spilled over to the new concern of a global recession. We are seeing a turn, China is pumping money into banks and 1/3 of European exports go to China. Regarding the trade wars, China and Europe will enter into trade negotiations relatively soon. Things will begin to improve. Domestic consumption is the way they are invested in China.

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China is growing at 6.5% but a decade ago it was at 14%. India is growing and South Korea is doing the banking and manufacturing for Chinese goods. Samsung is the world class leader in semiconductors, even larger than Intel. They have invented the technology to build up. We are now seeing the electric vehicle, they want to be the leader in those Markets.

Mr. Burkly told the Board that there are some political risks and yes, North Korea could be an issue. He explained that there is progress being made on BREXIT in the United Kingdom. He added that there is the potential for Theresa May to be removed, a new referendum of BREXIT to be created, and a customs union created.

Mr. Tranghese asked if there were any changes made to the team.

Mr. Burkly told the Board that Dr. Sandy Nairn, Chairman of the group, was brought back in and has begun to make some positive changes. One change is, there was previously a Global Call once a week, this has changed to a Regional Markets Call. They discuss Small and Midcap stocks which are the supplier to the Large Caps. It makes a difference where these are located. This was only put into place in the 1st Qtr. 2019, so it will take some time, but they expect this will have a positive impact.

The Board thanked Ms. Schoren-Testa and Mr. Burkly and they left the meeting.

Mr. Tranghese asked if the Board would like for him to schedule one or two more International Managers to come to the May meeting.

Motion to have one or two more International Managers give reviews at the May 2019, meeting made by Mr. Duhamel; Seconded by Ms. Barrett. Unanimously voted.

Next Meetings:

May 31, 2019

Adjourn:

Motion to adjourn Regular Meeting at 9:35 a.m. made by Mr. Webber; Seconded by Mr. Duhamel. Unanimously voted.

Respectfully submitted,



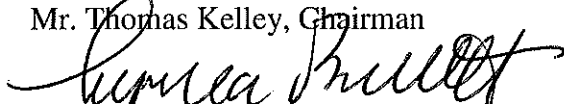
Karry A. Barros
Assistant Director


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Plymouth Retirement Board:

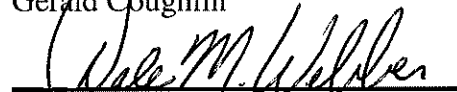
DO NOT SIGN
Mr. Thomas Kelley, Chairman

Dated: May 31, 2019


Lynne Barrett


Shawn Duhamel


Gerald Coughlin


Dale Webber