

PLYMOUTH RETIREMENT BOARD
Friday, November 22, 2019
8:00 a.m.
212 South Meadow Road, Unit #3
Plymouth MA 02360

Chairman Thomas Kelley called the meeting to order at 8:00 a.m. in the conference room of the Plymouth Retirement Office. Present Board Members were Lynne Barrett, Gerald Coughlin and Dale Webber. Also present were Attorney Michael Sacco, Wendy Cherry, and Karry Barros. Shawn Duhamel joined the meeting at 8:03 a.m.

Section I: Regular Business

Minutes:

Minutes of October 25, 2019	Regular Meeting
Minutes of October 25, 2019	Executive Session

Ms. Barrett asked Mr. Webber if what was recorded in the last paragraph of the October 25, 2019, Regular Minutes on page 2769, section titled New/Old Business, is accurate.

Mr. Webber confirmed that the record she questioned is accurate.

Motion to accept Minutes as listed made by Mr. Coughlin; Seconded by Ms. Barrett.
Unanimously voted.

Warrants:

Warrant #9 Dated September 30, 2019	\$	13,126,514.77	Final
Warrant #10 Dated October 31, 2019	\$	1,869,828.32	Partial
Warrant #11 Dated November 30, 2019	\$	1,146,486.01	Partial
Warrant #12 Dated December 1, 2019	\$	6,000.00	Partial

Trial Balance as of September 30, 2019: \$188,657,005.49

Motion to approve Warrants as listed made by Ms. Barrett; Seconded by Mr. Coughlin.
Unanimously voted.

Section II:

Executive Session:

Pursuant to MGL Chapter 30A, Section 21 (a)(3), the Board will enter into executive session to discuss ongoing litigation.

Roll-call voted at 8:04 a.m. to enter into executive session:

Mr. Kelley	yes
Ms. Barrett	yes
Mr. Coughlin	yes
Mr. Duhamel	yes
Mr. Webber	yes

The Board will re-enter the regular meeting following executive session.

The Board re-entered the regular meeting by roll-call vote at 8:13 a.m.

Mr. Kelley	yes
Ms. Barrett	yes
Mr. Coughlin	yes
Mr. Duhamel	yes
Mr. Webber	yes

Section I: Regular Business Continued:

New/Old Business:

Attorney Sacco told the Board that the Town does not believe it is necessary to adopt M.G.L. c.40 Section 4(k) as Section 4(j) has already been adopted. He informed the Board that he sent a letter to the Town suggesting they consider adopting Section 4(k) due to concerns that Section 4(j) would not cover DPW Workers. He added that from a legislative standpoint, Section 4 (j) was added before Section 4(k) and he explained in the letter to the Town that if Section 4(j) covered every situation then there would have been no need to add Section 4(k). These Sections are identical except for the descriptions of a Public Safety incident differ from the descriptions of a Public Works incident.

Ms. Barrett asked if a Public Works incident could be a water main break.

Mr. Webber stated that the focus is on the incident being a disaster.

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Ms. Barrett responded that there could be a governmental entity that considers a water main break a disaster.

Attorney Sacco told the Board that the definition is a “foreseeable or unforeseeable” event. He added that a “foreseeable” event would not be considered a disaster.

Ms. Barrett asked Attorney Sacco if he agreed that her example of a water main break could be considered.

Attorney Sacco stated that he feels it could be but, the party receiving the request to provide assistance is never obligated, they have a choice to send relief or not to.

Chairman Kelley told the Board that the Town Manager stated, the Town would be obligated to send assistance if Section 4(k) was adopted.

Ms. Barrett explained that the Town Manager may have misspoken, it is the goal of Town Management to provide assistance during a State of Emergency, as declared by our Governor. The Town was presented with Section 4(j) and told, if asked to assist, every department would be covered. Ms. Barrett stated she believes the resistance to adopt Section 4(k) is because the Town does not want to loan out employees under a circumstance that another town was not able to help themselves, an example being a water main break. She shared that she understands there is not an obligation to send assistance, but it does not look good for the Town to deny assistance if requested.

Chairman Kelley expressed concern regarding future Town Management, he explained that at some point a new Town Manager could send DPW Workers to another town or city and be unaware they are not covered.

Ms. Barrett told the Board; this issue is being presented to the Board of Selectmen as if employees are not covered and they are under a State of Emergency.

Mr. Duhamel asked if the purpose of adopting Section 4(k) is to protect our employees.

Attorney Sacco answered that the purpose is to protect the Town’s employees.

Mr. Duhamel told the Board that all of the other issues being discussed do not matter and he wants the Board to focus on protecting employees.

Attorney Sacco suggested that he send a letter to PERAC asking if there is any scenario that employees would not be covered under Section 4(j). In other words, if there was an incident that was not a Public Safety Incident and DPW Workers responded, would they be covered. He added that we would not want to be litigating in the case that an employee was not covered rather, we want to prevent the circumstance of an employee not being covered. Attorney Sacco noted that he is not implying that the Town is not acting in good faith.

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Mr. Webber referenced letter dated July 29, 2019, sent to the Town Manager which expresses the Retirement Board's concern over the DPW asking for volunteers to assist in the cleanup of towns on Cape Cod that were impacted by tornadoes that touched down on July 23, 2019. He explained that due to the DPW asking for volunteers, it is not clear if they would have been covered under Section 4(j). He told the Board that it would be best to get an opinion on the matter from PERAC.

Chairman Kelley told the Board that there is no Case Law on this matter, then he asked if there is a motion to write a letter to PERAC requesting an opinion.

Motion to have Attorney Sacco send a letter to PERAC seeking guidance on the matter made by Mr. Duhamel; Seconded by Ms. Barrett.

Discussion:

Mr. Duhamel stated that there is no Case Law on the matter because this issue has never come up in eighty (80) years.

Mr. Webber replied that Section 4(k) has not been in place for eighty (80) years.

Mr. Duhamel clarified his statement by explaining that his reference was to Retirement Law and not Mutual Aid as it applies to disability.

Motion unanimously voted.

Mr. Webber told the Board that the Board of Selectmen will discuss this matter at their December 17, 2019, meeting. He stated he would request an extension if PERAC has not responded before December 17th.

Ms. Barrett told the Board that it is very unlikely that PERAC will respond before December 17th and Mr. Webber should request an extension until PERAC sends a response.

Attorney Sacco told the Board he will copy the Town Manager on the letter to PERAC.

Town Buyback Request:

Adam Larsen, Group 4, Police Officer has requested to purchase a prior refund of eleven (11) Years and Six (6) Months service (January 24, 2005, through August 5, 2016) with the Plymouth Police Department. Total amount of this refund was \$80,703.87. Interest will accrue monthly on this buyback.

Attorney Sacco told the Board that Mr. Larsen's reinstatement included back pay and if the Board approves, Mr. Larsen could enter into an installment plan. He added that the Board also has the discretion to extend the installment plan.

There was discussion regarding Mr. Larsen's buy back options.

Ms. Barrett told the Board that she would be willing to allow ten (10) years for the buyback to be completed and, if Mr. Larsen is unable to complete it in that time frame, he can come before the Board and request an extension.

Motion to set the buyback time frame for Mr. Larsen's request at ten (10) years unless he comes back before the Board and requests an extension made by Ms. Barrett; Seconded by Mr. Webber.

Discussion:

Mr. Webber stated that he feels the Board should assist Mr. Larsen in setting up a payment schedule and leave the choice of the time frame up to him as long as it is compliant with the Statute.

Chairman Kelley stated that the Board should vote for ten (10) years and allow him to ask for an extension if he needs to go beyond ten.

Ms. Barrett stated that she would prefer to stick with the Board's policy of ten (10) years.

Mr. Webber asked if the current policy is ten (10) years.

Attorney Sacco replied that the current policy is ten (10) years and if Mr. Larsen finds that he needs to go beyond the ten (10) years he can make a hardship request to the Board, the Board has the discretion to extend the time.

Unanimously voted.

Attorney Sacco left the meeting at 8:51 a.m.

PTG Software Support & Hosting Agreement

The Board reviewed the PTG Software Support & Hosting Agreement for the period of January 1, 2020, through December 31, 2026.

Motion to accept the PTG Software Support & Hosting Agreement for the period of January 1, 2020 – December 31, 2026, made by Ms. Barrett; Seconded by Mr. Coughlin. Unanimously voted.

Section III: Membership:

New Hires:

Town:

- 9% Fernandes Jr., Antonio, Group 1, Heavy Motor Equipment Operator-Solid Waste
Perm. Full-time: \$852.30 weekly
Start Date: October 28, 2019

- 9% Masiello, Steven, Group 1, Local Inspector B
Perm. Full-time: \$1,007.96 weekly
Start Date: November 1, 2019

School:

- 9% Dutch, Rosalie, Group 1, Paraeducator
Perm. Full-time: \$704.02 bi-weekly
Start Date: November 25, 2019

- 9% McFayden, Abigail, Group 1, Paraeducator
Perm. Full-time: \$1,112.99 bi-weekly
Start Date: October 25, 2019

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

Transfers:

School:

Cavacco, Siobhan, Group 1, Academic Coordinator
Twelve (12) Years, Five (5) Months Creditable Service (8/3/2005-9/20/2019)
Total Transfer to Barnstable County Retirement: \$46,828.80

Motion to accept the School Transfer as listed made by Mr. Duhamel; Seconded by Ms. Barrett. Unanimously voted.

Refunds:

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School:

Boutilier, Suzanne, Group 1, Paraeducator
Five (5) Years, One (1) Month Creditable Service (8/27/2014-10/2/2019)
Total Refund Including FWT: \$11,924.41

Smith, Kelley, Group 1, Cafeteria Worker
Twelve (12) Years, Ten (10) Months Creditable Service (10/30/2006-9/27/2019)
Total Refund Including FWT: \$9,801.58

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

3(8)(c) Liability:

Town:

Joseph Matterazzo, Inspector of Wires, was previously employed part-time for the Town of Duxbury and not allowed membership into their system. He would like the Town of Plymouth Retirement Board to take seven (7) months 3(8)(c) liability for his part-time service with the Town of Duxbury if proper repayment is made. Will the Board take seven (7) months liability?

Motion to deny 3(8)(c) Liability for Joseph Matterazzo made by Mr. Duhamel; Seconded Ms. Barrett. Voted by majority. Note: Mr. Webber abstained from vote.

School:

Betsy Sampson-Day (Donelan) is currently a member of the Plymouth County Retirement Association. She was previously employed by the Town of Plymouth School Department from November 1, 1995 through November 1, 1999 and took a refund of her deductions on July 31, 2003. If proper repayment of deductions and interest is made will the Board take two (2) years, nine (9) months liability?

Motion to accept 3(8)(c) Liability for Ms. Sampson-Day (Donelan) if the proper repayment of deductions and interest is made, made by Mr. Duhamel; Seconded by Ms. Barrett. Voted by majority. Note: Mr. Webber abstained from vote.

Retirements:

Town:

Smith, Francis E., Group 1, Fire Apparatus Mechanic
Twenty (20) Years Creditable Service
Superannuation Retirement, opt b
Retirement Date: December 27, 2019

Motion to accept Town Retirement as listed made by Ms. Barrett; Seconded by Mr. Duhamel. Unanimously voted.

Section IV: Investments:

Anthony Tranghese from FIA joined the meeting at 8:55 a.m.

Mr. Duhamel asked Mr. Tranghese if he could give the Board a performance update through October 2019.

Mr. Tranghese told the Board that the PRIT numbers were released just yesterday not allowing enough time to report however, performance through September 2019, was 12.3%. He added that October's number could be a couple points higher.

Mr. Tranghese told the Board that two (2) RFP's were issued, one for International Value (to replace Templeton due to some drastic changes made to their Team) and the second for Large Cap Value (Boston Partner's seven (7) year term is due to expire.) He explained that there is no rule that makes it necessary to interview the finalists however, he feels it makes sense to interview at least a couple.

Mr. Tranghese told the Board that there were 17 respondents and reviewed the qualification process and minimum criteria requirements. He informed the Board that there were four respondents that were rated "not advantageous", one of those being Templeton. He explained that Templeton has had substantial turnover from both a Portfolio Manager standpoint as well as Research Analyst standpoint. He added that their performance track record has lagged the benchmark over all reported time frames.

The Board reviewed the seven respondents that were rated "highly advantageous" and there was discussion on the same.

Ms. Barrett stated that she would like to speak with Aristotle and that BMO Pyford's performance looked good.

Mr. Tranghese told the Board that Aristotle is located in Boston/California and BMO is located in London. He informed the Board that from a strategy perspective, both Aristotle and Polaris would be a good fit. He added that Pyford did well in down Markets but not well at all when the Market was up.

Chairman Kelley told the Board that he is inclined to go with Polaris and Aristotle.

Mr. Tranghese told the Board that Aristotle and RBC Polaris are the most interesting as far as approaches.

Motion to interview Aristotle and RBC Polaris at the December 20, 2019, meeting made by Ms. Barrett; Seconded by Mr. Duhamel. Unanimously voted.

2019 Investment Manager Interviews:

9:16 a.m. – **Barings**

Joel Ayee and Michael Ziobrowski joined the meeting and introduced themselves.

Mr. Ziobrowski stated that the Firm has not had any major changes and that there have been no changes in strategy. He told the Board that Kenneth Gacevich retired and has been replaced by Michael Best. Kelly Burton replace Mr. Gacevich on the Investment Committee. Mr. Ziobrowski informed the Board that Martin Horne, Head of Global Public Fixed Income and David Mahalick, Head of U.S. High Yield Investments, have increased their focus on ESG Factors. He explained that ESG (Environmental, Social and Governance) refers to the three central factors in measuring the sustainability and societal impact of an investment in a company or business.

Mr. Ayee gave the performance review thru October 31, 2019. He told the Board that although the Fund modestly underperformed the benchmark, it still did well by showing a positive return. Year-to-Date through October 31, 2019, performance was at 5.29% (gross of fees) vs. the Credit Suisse Leveraged Loan Index at 5.87%. The One-Year performance was 1.45% (gross of fees) vs. the benchmark at 2.61%. He explained that prices have been up and down throughout the year and the underperformance is due to higher quality versus lower rated loans.

Mr. Ayee told the Board that the Energy Sector has been a pocket of volatility due to the price of oil and there has been some de-emphasis on the Health Care Sector. Due to the opioid epidemic, there is increased focus on pharmaceuticals. Mr. Ayee informed the Board that the Information Technology Sector showed a strong recovery and is the top performer this year.

Mr. Tranghese asked what the average recovery rate is.

Mr. Ayee answered that it could be 60% to 80%, it varies by sector and company.

The Board thanked Mr. Ayee and Mr. Ziobrowski, they left the meeting at 10:30 a.m.

10:35 a.m. - **Wellington Management**

Leigh Crosby, Assistant Vice President/Account Manager introduced herself and three presenters that accompanied her: Scott Chandler-Investment Director (Opportunistic Investment), Matt McKenna-Investment Director (Research Equity), and Shawn Sullivan-Investment Director (Core Bond).

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Ms. Crosby told the Board there are no changes to the company however, they have expanded their global presence adding an office in Toronto last year and Shanghai in 2020.

She added that they have grown in their ESC Resources (Environmental, Social, and Corporate Governance) which is currently up to 10 people after starting with just 2. Ms. Crosby informed the Board that there are some election coming in private partnership as there have been some retirements.

Mr. Tranghese asked how Partners are determined.

Ms. Crosby explained that to become a Partner, one must be an Associate or Managing Director first. Also, a Partner must be a person that represents Wellington's values and adds value to the company. If a person meets the criteria, they are voted in by their peers, the existing Partners. After becoming a Partner, there is the added responsibility of becoming a role model and building up the Firm.

Mr. McKenna added that after retirement, Partners receive a ten (10) year payout.

Mr. Duhamel left the meeting at 10:45 a.m.

Core Bond:

Mr. Sullivan told the Board that this Fund has over \$20 Million is AUM. He explained that their objective is to consistently outperform the broad Fixed Income Market as represented by the Bloomberg Barclays US Aggregate Bond Index with equivalent or lower risk. He added that they believe a diversity of high-quality investment ideas managed in a risk-controlled framework may lead to superior investment results. They also believe the U.S. consumer is strong. In an effort to make the portfolio more defensive, more has been allocated to low level BBB's. He told the Board that U.S. TIPS performed well having a diversified return profile.

Performance for the 3rd Qtr. 2019 was 2.29% (gross of fees) vs. Bloomberg Barclays US Aggregate Bond at 2.27%. Year-to-Date performance through September 30, 2019 was 9.17% (gross of fees) vs. the benchmark at 8.52% showing outperformance of +.65%. Mr. Sullivan told the Board there have been no major changes. He added that they maintain a defensive position due to U.S. Trade and the Fed which have caused much uncertainty for 2020.

Research Equity:

Mr. McKenna told the Board that the Research Equity sleeve of the portfolio has over \$3 Million in AUM. They use a team approach; each analyst approaches the industry in their own way. It is their belief that having analyst with sleeves uncorrelated in nature, it leads to a smoother ride. They do not take an active bet at the sector level, performance is driven from security selection. They have 53 analyst and of those, 60% are partners.

Performance for the 3rd Qtr. 2019 was .4% (gross of fees) vs. S&P 500 at 1.7%. Year-to-Date through September 30, 2019, was 21.3% vs. the benchmark at 20.6%. Mr. McKenna told the

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Board that as of yesterday, November 21, 2019, the S&P was at 25%, showing how strong the Market has been this year.

Mr. McKenna concluded by stating that the U.S. Stock Market continues to stay strong despite political issues and, their strong team of twenty-five (25) will continue to find opportunities.

Opportunistic Investment

Mr. Chandler told the Board that Opportunistic Investment is a global asset tactical allocation strategy with a number of deep research analyst. This approach has potential to be a return enhancer and diversifier to traditional core portfolio allocations. The role of return enhancer is accomplished by leveraging Wellington's global network of investors and researchers seeking to identify high conviction, multi-year, total return opportunities across the world's capital markets. The role of diversifier is accomplished by seeking to complement client's core assets (US Large Cap equities, Barclays Agg Fixed Income) by providing exposures to niche, potentially misunderstood assets that are generally not widely held elsewhere in client's portfolios. Mr. Chandler informed the Board that Mark Lynch, also a Partner, retired after twenty-five (25) years with Wellington. He has been replaced by Brian Garvey, Senior Managing Director. He added that there is no change to the philosophy or process.

Mr. Chandler told the Board that regarding performance, there have been a number of years of volatility. Performance Year-to-Date through September 30, 2019, was 11.3% vs. the benchmark (65% equity/35% Fixed Income benchmark) at 13.9%. He added that through yesterday, November 21, 2019, performance was +16%.

Chairman Kelley asked Mr. Chandler his opinion regarding an upcoming recession.

Mr. Chandler explained that there were more concerns back in mid-2019. Unemployment is strong and there are signs that things are stabilizing. He added that stimulation to the economy pushes a recession out, maybe we could see one in 2020-2021.

The Board thanked the Wellington Associates and they left at 10:30 a.m.

Next Meeting:

December 20, 2019

Adjourn:


Motion to adjourn Regular Meeting at 10:40 a.m. made by Mr. Webber; Seconded by Mr. Duhamel. Unanimously voted.

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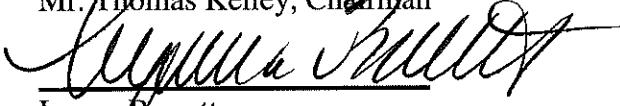
Respectfully submitted,

Karry A. Barros
Assistant Director

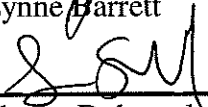
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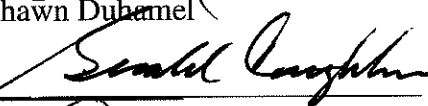
Mr. Thomas Kelley, Chairman



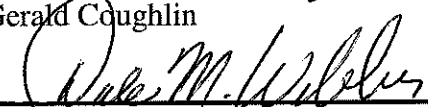
Lynne Barrett



Shawn Duhamel



Gerald Coughlin



Dale Webber

Dated: January 31, 2020