

SAUGUS RETIREMENT BOARD MEETING
October 30, 2018

The regular meeting of the Saugus Retirement Board duly posted to be held in the 25R Main St, Town Hall Annex, Saugus, MA on the above date was called to order at 8:30 a.m. by Chairman Cross, with Board Members Decareau, DiBari, Gannon and Matarazzo present.

In addition, present at this meeting was Theresa F. Richards, Administrative Assistant and Ann Quinlan SRB Administrator and Wainwright representatives Mike Dwyer and Jeff Fabrizio. Representatives from each Investment Manager were present only during their own interviews. Names of those individuals are noted within the Interview session notes below.

Minutes

- A motion was made by Board Member DiBari and seconded by Board Member Decareau to approve the September 25, 2018 Executive and Open Meeting Minutes and sign them into the records. The Board voted 5-0 in favor.

Payments

- A motion was made by Board Member Matarazzo and seconded by Board Member Gannon to issue payment for Retirement Board Expense Voucher #130-139 for the month of October 2018 for \$37,802.39. The Board voted 5-0 in favor.
- A motion was made by Board Member Matarazzo and seconded by Board Member Gannon to issue payment for Retirement Allowance Payment and Vendor Payment Warrant for the month of October 2018 for \$681,872.02. The Board voted 5-0 in favor.
- The Board noted that \$550,000.00 was wire transferred from PRIT Investment Funds to Saugus Retirement System's bank account on 10/20/2018 to cover retirement allowances and expenses for October 2018.

New Member

A motion was made by Board Member DiBari and seconded by Board Member Matarazzo to include for membership in the Saugus Retirement System the following new employees. The Board voted 5-0 in favor.

- Rose Armitstead – Payroll Coordinator, Town Department – Date of Hire & Membership is 10/9/18 – Contribution rate is 9% + 2%.
- Melinda Curran – Paraprofessional, School Department – Date of Hire & Membership is 9/18/18 – Contribution rate is 9%.
- Genesis Gonzalez – Paraprofessional, School Department – Date of Hire & Membership is 10/10/18 – Contribution rate is 9%.
- Michael Lepore – Paraprofessional, School Department – Date of Rehire & Membership is 9/19/18 – Contribution rate is 9%.
- Terri Pillsbury – Athletic Director, School Department – Date of Hire & Membership is 9/24/18 – Contribution rate is 9% + 2%.
- Brenda March – Occupational Therapy Asst., School Department – Date of Hire & Membership is 9/13/18 – Contribution rate is 9% + 2%.
- Tracy Todd – Paraprofessional, School Department – Date of Hire & Membership is 9/24/18 – Contribution rate is 9%.
- Priscilla Madeira – Police Dispatcher, Police Department – Date of Hire & Membership is 9/10/18 – Contribution rate is 9% + 2%.

There was a correction in the membership of Sheryl Weitz from September 2018. She was hired as an Occupational Therapist not and Occupational Therapy Assistant and therefore should have been a member of MTRS. The incorrect retirement deductions were refunded through the MUNIS payroll. Board Member Gannon made a motion seconded by Board Member Decareau to remove Sheryl Weitz as a member of the Saugus Retirement System as she was granted membership in error. All parties involved will be notified.

Transfers Out

The Board noted that the following members had their accounts transferred to other MA Retirement Systems, as approved on this month's expense voucher:

- Nicole Athas, Paraprofessional, transferred to Gloucester Retirement Board. Saugus Retirement Board will accept 9 months liability for her service with the Town from 9/01/17-6/19/18.

Refund to Member

The Board noted that the following member took a refund, as approved on this month's expense voucher:

- Louis Markakis, Inactive Member, Town Manager's Office, terminated on 12/01/14 and received a refund effective 10/30/18. He has 1 year and 1 month of creditable service and will receive regular interest.

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:

- A motion was made by Board Member Gannon and seconded by Board Member Matarazzo and passed 5-0 to grant Superannuation retirements to the following:
- **School Department:** Joyce Pantano, Senior Clerk, DOR: 10/31/18, Years of Service: 13.7500

Items for Discussion

The Board was notified through PROSPER that Mr. McDermott's Medical Panel Evaluation had taken place. The Regional Medical Panel has 60 days to complete their report and submit it to PERAC. The Board Members will be informed of any updates on this issue.

Interviews

The Schedule of Investment Manager Interviews were scheduled as follows:

- 9:00am: Mutual of America – U.S. Large Cap Core Investments
- 9:30am: Rhumblin – U.S. Large Cap Core Investments & U.S. Passive Core Bond Investments
- 10:00am: SSGA – U.S. Passive Core Bond Investments
- 10:30am: LMCG – U.S. Mid Cap Core Investments
- 11:00am: Earnest Partners – U.S. Mid Cap Core Investments & U.S. Small Cap Core Investments
- 11:45am: Aristotle – U.S. Small Cap Core Investments
- 12:15pm: Copeland – U.S. Small Cap Core Investments

All Board Members were present for all interviews except Board Member Gannon, who left at 10:15am and returned at 12:10pm. Although he was present for most of the presentations, the only Asset class he was present for all interviews was Large Cap and therefore he only voted at that time.

The Board received a call from Mutual of America Representatives at 8:50am that they were caught in traffic and running late. The Rhumblin Representatives arrived early, and the Board decided to have them present first to keep the interview schedule on time.

9:15am-9:40am -Attending the interview for Rhumblin Advisors was Denise D'Entremont, Director of Marketing & Client Services and Julie Lind, Portfolio Manager. They spoke about Large cap and Passive Core Bond Investment opportunities for the Board. Ms. D'Entremont spoke of the History of Rhumblin Advisors being established in 1990 to provide low-cost, passive investment products to the institutional marketplace. Currently have \$56.3 Billion assets under management. An overview of the company from Organizational chart was discussed. Ms. D'Entremont having 24 years and Ms. Lind with 18 years' experience. They service 225 clients nationwide. They recently acquired Town of Andover and Concord. The monthly statements are online accessible. Proposed fee for both large cap core and passive core bond provided as same as submitted.

9:50am-10:10am - Attending the interview for Mutual of America was Joseph O'Reilly, Vice President of Marketing and Jamie Zendel, Vice President of Quantitative Research & Trading. They spoke about Large Cap Investment opportunities for the Board. Mr. O'Reilly gave an overview of the Company founded in 1993 specializing in domestic fixed income and equity assets management. Currently have \$17.4 Billion assets under management. The organizational chart was reviewed showing the average investment management experience to be 25 years. However, they do not have any MA pension clients. Mr. O'Reilly was the Town Accountant for the Town of Wayland and knows PERAC regulations. Online availability for monthly statements. Proposed fee provided as same as submitted.

10:15am-10:40am – Attending the interview for State Street Global Advisors (SSGA) was Arman Palian, Principal of State Street Global Advisors and a Client Service Manager. He spoke on Passive Core Bond Investments. Mr. Palian gave an overview of the company whose mission is to invest responsibly to enable economic prosperity and social progress. There are four businesses under one global enterprise having over 2800 clients, 2.8 Trillion in assets managed. An organizational chart was reviewed with the Board. The fixed income index investing section has managed fixed income over 30 years. They already manage some PRIT Funds and have PERAC experience. Proposed fees were discussed as same as submitted at 4 basis points.

10:45am-11:10am – Attending the interview for LMCG was James Gribbell, CFA, Portfolio Manager and Thomas Capobianco, Director of Public Fund Marketing. They spoke on Mid cap Core Investments. Mr. Capobianco spoke of the firm's history starting in 2000 in which investment management is their only business. \$7.5 Billion in assets under management. The Management team averages 31 years' experience while the Portfolio Managers average 23 years' experience. Currently have 11 MA Retirement systems they service. They have PERAC experience. Proposed fee of $\frac{3}{4}$ of a basis points was discussed as stated in their proposal.

11:20am-12:00pm – Attending the interview for Earnest Partners was Pat Malcom, CFA & Partner and Katie O'Connor, Investment management. They spoke on Mid Cap and Small Cap Core Investments. Over \$20 Billion in assets under management. All employee owned company, so everyone is invested in the Board succeeding. They currently have 2 MA Pension systems that actively manage. The average investment experience for Firm is 20 years.

12:05pm-12:35pm – Attending the interview for Aristotle was Keri Hepburn, Vice President and Dave Adams, CFA, CEO, Portfolio Manager. They spoke on Small Cap Investments. Aristotle is four independent registered investment advisors with \$22.1 Billion combined assets under management. The team averages more than 20 years of industry experience. Currently have 3 MA pension systems that they actively manage. Fees discussed were same as in proposal of 75 basis points.

12:40pm-1:15pm – Attending the interview for Copeland was Mark Giovanniello, CIO, Portfolio Manager and Chuck Barrett, Principal & Director of Sales and Marketing. They spoke on Small Cap Investments. Copeland specializes in Dividend Growth investing. They are 100% employee owned company with offices in PA, GA and MA. Mr. Giovanniello gave an overview of the company which was founded in 2005. They currently do not have any MA pension systems managed but do have the City of Attleboro.

After the interviews were completed and only the Board Members, Wainwright Representatives and Board Staff were present did the Board vote for the hiring of Investment Managers.

Chairman Cross asked for a motion to hire a Small Cap Manager, Board Member Matarazzo made a motion, seconded by Board member Decareau and passed 4-0 to hire Aristotle as the Small Cap Manager. The allocation for this fund would be \$6.7 million.

Chairman Cross asked for a motion to hire a Mid Cap Manager, Board Member Matarazzo made a motion, seconded by Board member Decareau and passed 4-0 to hire LMCG as the Mid Cap Manager. The allocation for this fund would be \$6.3 million.

Chairman Cross asked for a motion to hire a Large Cap Manager, Board Member Matarazzo made a motion, seconded by Board member Gannon and passed 5-0 to hire Rhumblin as the Large Cap Manager. The allocation for this fund would be \$5.7 million.

Chairman Cross asked for a motion to hire a Passive Core Bond Manager, Board Member DiBari made a motion, seconded by Board member Matarazzo and passed 4-0 to hire Rhumblin as the Passive Core Bond Manager. The allocation for this fund would be \$7.2 million.

Chairman Cross asked for a motion to purchase Private Equity Sleeve in PRIT, Board Member Matarazzo made a motion, seconded by Board member Gannon and passed 5-0 to send a letter to Paul Todisco at PRIT requesting purchase into the Vintage Year Private Equity sleeve for 2019. The allocation for this fund would be \$5 million.

Miscellaneous

- The appropriation Data due to PERAC by October 31st has been completed and submitted to PERAC.
- Chairman Cross and Board Member Matarazzo are the only two members who need educational credits before 12/31/18. Both have enrolled in a class to fulfill this obligation.
- An injury report and/or status update was received for James Donovan, Anthony Gaieski, Thomas Jones, Timothy Fawcett Sr, Fred Forni. Shawn Flynn, Domenic Montano and David Gecoya -Police Department

Copies of the following were included for review and/or discussion:


- PRIT Statements for September 2018
- Bank Reconciliation for July - September 2018
- Cash Books for July - September 2018
- MEMO # 28/2018: Mandatory Retirement Board Member Training- 4th Quarter 2018
- MEMO # 29/2018: Tobacco Company List
- MEMO # 30/2018 Appropriation Data Due: October 31, 2018
- MEMO: #31/2018 Disclosure of Compensation
- Attorney Sacco correspondence – Andrew Bisignani – Lynn District Court Decision
- SAGE Payroll – Public Service Announcement – not affected by cybercriminal activity
- THE VOICE of the Retired Public Employee November 2018
- Mass Retirees celebrates 50 Years
- Retiree – Bernice Howard-Smith turns 100 Years old on 10/12/18

The next regular meeting is scheduled for November 26, 2018 at 12:30 p.m. at the Town Hall Annex.

Adjournment of Open Meeting

There being no further business to come before the Board, at 1:48 p.m., a motion was made by Board Member Gannon and seconded by Board Member Decareau and voted 5-0 in favor of adjourning the Open Meeting.

APPROVED BOARD OF RETIREMENT:




Chairman Cross




Board Member Decareau



Board Member DiBari



Board Member Gannon



Board Member Matarazzo



Board Administrator