

**February 22, 2018**

A meeting of the Malden Retirement Board was held this day at 8:30 AM in the 4<sup>th</sup> floor conference room of 17 Pleasant. Street. with the following Board Members being present Warren Atkinson Jr., Charles Ranaghan, Gregory Lucey, and Retirement Director James M. Ryan.

On motions duly made and seconded, it was voted:

To approve the minutes of the previous meeting, and financial reports of the previous months.

To approve all payrolls and expenditures for the last half of January and first half of February.

**VOTED TO APPROVE OR ACKNOWLEDGE THE FOLLOWING:**

**Accept Prior Board Meeting Minutes and PERAC Financial Reports**

**New Members:**

Anderson, Kiarn-PARA  
Donovan, Ryan-PARA  
MacDonald, Cheril-PARA  
Somers, Kaitlyn-PARA  
Grover, Daniel-Asst Controller  
Levine, Peter-Parking Clerk  
Pinkham, Eugene-Traffic  
Leon, Colleen-Hot Lunch

**Deceased:**

Buckley, Michael J.-Fire (1/16/18 Opt A, NFB)  
Amoroso, Shirley (1/22/18 Opt C survivor of Louis, NFB)  
Allonby, Grace (1/15/18 Opt C survivor of Frederick, NFB)  
McCusker, James P. -Police Active member (1/26/18, Spouse Leslie to receive Opt D upon Bd approval)  
Cagno, Nancy B. -School Dept. (2/18/18 Opt A, NFB)

**Retirements:**

Donna Duncan-City Clerk's Dept (2/16/18 Opt A)

**Transfers:**

Michael Dercolo-To Revere (Police-\$5,053, 1.9yrs)

**Withdrawals:**

Joan Chiasson-Councillor \$6,316 (6 yrs)  
Shawn Rivers-MRA \$\$28,845 (4.8 yrs)  
Linda Huckins-PARA \$773 (.92yrs)

**Correspondence:**

January 2018 Financial Reports  
PERAC-Memo#3 Annual COLA notice  
PERAC-Memo#5 1<sup>st</sup> Qtr 2018 Training Schedule  
PERAC-Memo#7 NCPERS Webcast training and credit  
PERAC-Memo#11 Investment Related Issues and Concerns  
Attorney Sacco-Letter to CRAB-Simonelli v. Malden Retirement -Notice of Objection

**Vote:**

Leslie McCusker Opt D Allowance

Mr. Ryan distributed to the Board members the signed affidavit by the spouse of James McCusker, who is seeking Member Survivor Benefits. He also submitted the death certificate and marriage license for their review. Ms. Leslie McCusker has chosen to receive option D allowance. Mr. Eisnor made a motion to approve Ms. McCusker's Option D allowance selection. Mr. Ranaghan seconded the motion. All were in favor and the vote was unanimous.

NCPERS conference travel costs

Chairman Atkinson discussed the annual NCPERS convention to be held in New York City from May13-16<sup>th</sup>. A motion for Board members and Mr. Ryan to attend the conference and approve related expenses was made by Mr. Eisnor. Mr. Lucey seconded the motion. All were in favor and the vote was unanimous.

Treasurers Stipend

Mr. Lucey made a motion to reduce the stipend from \$4,500 per year to \$1,500 per Ch32 section 20(4)(g) and recoup any overpayment. The motion was seconded by Mr. Ranaghan, all were in favor and the vote was unanimous.

Mr. Ranaghan made a motion to increase the minimum \$1,500 annual stipend to \$3,000 annually per Ch32 section 20(4)(h) based on an approval of the Malden City Council. The motion was seconded by Mr. Lucey, all were in favor and the vote was unanimous.

Staff Salary Increase

Chairman Atkinson requested that Mr. Ryan and Ms. MacDonald leave the meeting. Chairman Atkinson informed Mr. Ryan that the Board had voted to approve a staff salary increase of 2.5% which will be retroactive to July1, 2017. This increase is in line with the increase approved by the Malden City Council on February 20, 2018 for non-union Malden employees.

**Discussion:**

Board Election Results

Mr. Ryan presented the 1/25/18 final election results. The incumbents, Chairman Atkinson and Mr. Eisnor received the most votes and therefore were re-elected for another 3-year term ending 11/30/2020.

Treasurer's Stipend

It has recently been determined that the Treasurer's monthly stipend has been overpaid since the employment of former treasurer Mark Good commenced back in 2013. Mr. Good resigned from his position in Malden in May 2017 and now works as the treasurer for the town of Norwood. The stipend paid was \$4,500 per year which was equal to each Board member. Chapter 32 section 20 (4) (g) allows a maximum of 1,500 per annum. Chapter 32 section 20 (4)(h) allows a maximum of 3,000 per annum and must be approved by the City Counsel. The current treasurer Jon Davis has been overpaid for a portion of December 2017, and January and February 2018. The Board voted to immediately reduce the stipend to \$1,500 annually until the City Council approves the \$3,000 annual amount under the local option.

The deBurlo Group-4<sup>th</sup> Qtr 2017, and January 2018 investment portfolio results

At 9:30AM Mr. Mike Shade and Steve Kern entered the Board conference room. Mike Shade opened the discussion about PERAC-Memo#11 Investment Related Issues and Concerns. Mr. Ryan had forwarded the memo to Mr.Shade last week and asked that he address some key issues of the memo. A revision of the current Investment Policy objectives was discussed, along with SEC vendor disclosures, investment management fees, and contract length and RFP.

Mr. Shade felt it would be a good idea to have this type of discussion at the beginning of each new calendar year. A few areas within the investment objective statement were presented for revision. The board discussed those areas and decided to make a final decision within the next month or two. Mr. Ryan will notify Mr. Shade of the final decision of the Board. In terms of the management fees charged by the deBurlo group, Mr. Shade emphasized that the basis points charged are approximately one half of what the PRIT fund charges. Malden is 29 basis points and PRIT charges 55 basis points. This is a substantial cost savings based upon the recent portfolio value of approximately \$250 million dollars. Also, there is no Investment Consultant fee. Mr. Ryan handed out to Board members and Mr. Shade and Kern a Vendor Disclosure Statement submitted to PERAC in January 2018. The Vendor Carl R. Sargent, is the deBurlo Group's compliance officer who issues quarterly reports on behalf of deBurlo Group to the SEC. The Board reviewed and acknowledge the document filed with PERAC.

The discussion of 4<sup>th</sup> quarter 2017 portfolio results began by Mr. Shade indicating that it was a great year and the total portfolio was up 20.35%, driven mostly by equities which were up 30.53%. The overall global economy had a very successful year. In the US Mr. Shade indicated that passage of the new tax reform act helped drive the recent market increases. Both equities and fixed income did well versus the benchmarks. The Malden portfolio outperformed the PRIT portfolio by approximately 3% for the year. As of February 20, 2018, the portfolio is up 2.87% and stocks have outperformed the S&P500 index. The portfolio increased in market value for the 4<sup>th</sup> quarter by approximately 10.37 million, and at December 31,2017 the value is approximately \$250 million. In the 4<sup>th</sup> quarter the portfolio returned 5.27%. The deBurlo Group ended their presentation at 10:40AM.

Expense Budget versus Actual results-2017

Mr. Ryan handed out the Budget versus actual results for 2017. The controllable administrative expenses were favorable to budget. Uncontrollable expenses such as Pension, and Annuity were unfavorable. This is largely due to the unpredictable nature of determining who will retire in any given year. Mr. Ryan suggested that he keep the 2018 budget close to the 2017 budget numbers. The Board agreed, and Mr. Ryan will present the new budget in the next month or two.

RFP Contract renewal process

Mr. Ryan handed out to the Board the RFP template received from attorney Sacco. He stated that this will be used by the potential contract bidders for the Boards legal, investment management, and custodial bank service providers. He will start the RFP process with obtaining formal bids for out legal services contract which expires on December 31,2018. The process will begin over the next month and will be done in conformity with MGL Ch32 23B.

Disability Updates

S. Ruddock (Exams completed), James Casaletto (2/27 appt scheduled), James Crowley (awaiting medical panel)

**APPROVE THE FOLLOWING EXPENSES AND INVESTMENTS**


Michael Sacco-January 2018 Legal Services	4,040.00
Deburlo Group-January 2018 Inv Mgmt Fee	56,953.00
Thomson Reuters-West (MA Gen'l Laws pocket pack)	114.76
State Street Bank & Trust (4 <sup>th</sup> Qtr Custodial Fee)	16,236.04
Amity Insurance Agency Inc.-2018 Fiduciary and ERISA Bond	10,459.00
CRG Business Services Inc. (Ricoh Toner)	129.00
Pension Benefit Information LLC (Annual contract death search data base)	600.00
Kernwood Forbes Press Inc. (Window Envelopes)	181.00
Ready Refresh-Bottled water	7.99
WB Mason Co, Inc-Office Supplies	99.62
Medford Retirement System-38C	8,160.75
Arlington Retirement Board 38C	7,350.11
MWRA Retirement System 38C	28,047.60
Danvers Retirement Board 38C	26,722.87
Town of Saugus Retirement System 38C	1,547.07
Beverly Retirement System 38C	387.46
Everett Retirement Board 38C	979.38
Woburn Retirement Board 315	39,708.39
Gardner Retirement System 38C	73.27
MA Teachers Retirement System 38C	237,878.88

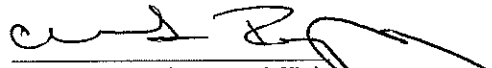
SECURITY DESCRIPTION	QUANTITY (UNITS)	PROCEEDS/ COST
US TSY BILL 0 3/1/18	4,600,000	4,595,291
US TSY NOTE 2 1/4 12/31/24	2,300,000	2,234,773
US TSY 2 3/4 11/15/47	450,000	417,832
US TSY BILL 0 3/1/18	3,150,000	3,147,760
US TSY BILL 0% 5/10/18	1,800,000	1,793,366
US TSY 2 3/4 8/15/47	450,000	414,703
US TSY 2 1/4 11/15/27	850,000	805,375
EBYWTR 5.874 6/1/40	125,000	158,441
MASS EDU 5.715 8/15/39 BAB	500,000	610,400
CHAIT 2015-A7 A7	381,000	380,524
CCCIT 2017-A3 A3	2,300,000	2,274,844
US TSY BILL 0% 5/10/18	1,850,000	1,843,230
US TSY 3 2/15/48	900,000	869,063
US TSY 2 1/4 2/15/21	1,800,000	1,792,406
US TSY NOTE 2 1/4 12/31/24	5,350,000	5,167,766
US TSY 3 2/15/48	1,350,000	1,301,063
US TSY 3 2/15/48	900,000	864,000
US TSY 3 2/15/48	1,350,000	1,303,594
US TREASURY 2 5/8 02/28/23	4,450,000	4,446,523
APPLE INC.	6,000	1,006,470
COGNEX	4,000	251,772
CONTROL4 CORP	10,000	275,082
JOHNSON & JOHNSON	3,000	418,218
MOHAWK INDUSTRIES	2,000	554,142
BROADCOM LIMITED	3,000	707,979
CONTROL4 CORP	10,000	263,800
JOHNSON & JOHNSON	7,000	967,613
SHERWIN-WILLIAMS CO	1,000	404,147
APPLE INC.	2,000	324,435
BROADCOM LIMITED	4,000	966,937
COGNEX	4,000	234,972
CONTROL4 CORP	10,000	264,561
MANPOWER INC	3,000	361,754
OWENS CORNING	5,000	441,802
ALIGN TECHNOLOGY	2,000	471,453
APPLIED MATERIALS	6,000	293,480
BERKSHIRE HATHAWAY B	1,000	198,410
COGNEX	5,000	282,854
SALESFORCE.COM	5,000	537,722
ALPHABET INC - CL A	800	846,259


CHINA LODGING GROUP	4,000	546,921
MANPOWER INC	4,000	479,482
NETFLIX	2,000	513,582
PNC FINANCIAL SVCS GRP	4,000	599,262
PAYPAL HOLDINGS	6,000	448,310
STMICROELECTRONICS	14,000	311,851
TENCENT HOLDINGS	4,000	213,997
VISA INC	6,000	702,203
ALIGN TECHNOLOGY	4,000	906,722
APPLIED MATERIALS	13,000	612,600
COGNEX	5,000	275,602
ALPHABET INC - CL A	400	415,044
INOGEN INC	1,000	117,870
MANPOWER INC	5,000	582,602
MICROCHIP TECHNOLOGY INC.	15,000	1,202,204
MARATHON PETROLEUM	6,000	384,991
PAYPAL HOLDINGS	5,000	372,792
STMICROELECTRONICS	13,000	273,159
STRYKER CORP.	3,000	452,477
TENCENT HOLDINGS	3,000	156,296
YY INC	2,000	228,273
APPLIED MATERIALS	5,000	234,953
COGNEX	4,000	220,365
ALPHABET INC - CL A	400	412,177
MANPOWER INC	2,000	227,963
STMICROELECTRONICS	11,000	233,539
APPLE INC.	3,000	481,224
APPLIED MATERIALS	2,000	98,006
AVERY DENNISON CORP	5,000	571,450
COGNEX	6,000	326,503
ALPHABET INC - CL A	400	419,997
MANPOWER INC	6,000	699,388
3M CO	3,000	680,977
OWENS CORNING	17,000	1,423,501
STMICROELECTRONICS	22,000	470,464
TENCENT HOLDINGS	3,000	158,430
ISHARES MSCI EMERGING MARKET INDEX	10,000	472,991
DISNEY WALT CO.	2,000	209,977
ALPHABET INC - CL A	300	325,804
3M CO	1,000	233,100
OWENS CORNING	3,000	260,919
STRYKER CORP.	3,000	473,982


COGNEX	12,000	680,594
OWENS CORNING	3,000	261,856
3M CO	1,000	237,052
OWENS CORNING	3,000	251,162
MANPOWER INC	2,000	242,953
MASCO CORP	5,000	213,260
OWENS CORNING	4,000	335,515
SHERWIN-WILLIAMS CO	1,000	396,904
CUTERA, INC.	3,000	134,753
DISNEY WALT CO.	1,500	158,057
MANPOWER INC	2,000	241,628
MASCO CORP	4,000	171,302
3M CO	1,500	362,945
OWENS CORNING	3,000	252,463
TENCENT HOLDINGS	2,000	112,738
VERTEX PHARMACEUTICAL	2,000	332,505
YY INC	1,000	129,580
DISNEY WALT CO.	3,000	313,609
MANPOWER INC	2,000	239,024
OWENS CORNING	2,000	164,186


A motion was made by Mr. Atkinson to adjourn the meeting at 11:30AM and seconded by Mr. Eisnor. All were in favor to adjourn the February 21, 2018 meeting.

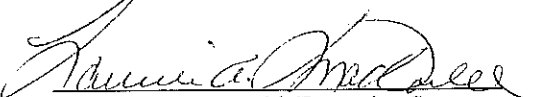
  
 Warren Atkinson Jr., Chairman

  
 Charles Ranaghan, Ex-Officio

  
 Domenic Fermano, Appointed Member

  
 Douglas Eisnor, Elected Member

  
 Gregory Lucey, Board Appointed

  
 Laurie A. MacDonald, Executive Secretary