The regular Meeting of the Holyoke Retirement Board was called to order by Chairman John McCarthy at 9:00 A.M. Present were Michele Aubrey, Rory Casey, Anthony Dulude, and Bellamy Schmidt. Also present was Executive Director, Cheryl Dugre, and Assistant Executive Director Melissa Melendez.

I. Minutes of Board meeting held on June 20, 2018.

On separate motions made by Mr. Schmidt, seconded by Ms. Aubrey, it was voted unanimously (5-0) to accept Item I “Minutes,” Item II “Bank Reconciliation,” Item III “Statement of Financial Activities,” Item IV “Retirement Applications,” and Item V “Expenses.” Voting “yes” were Ms. Aubrey, Mr. Casey, Mr. Dulude, Mr. McCarthy, and Mr. Schmidt.

II. Bank Reconciliation:
Peoples Checking account - as of June 30, 2018
Peoples Payroll account - as of June 30, 2018

III. Statement of Financial Activities:
The Board reviewed statements for June 2018.

IV. Retirement Applications:

<table>
<thead>
<tr>
<th>Name</th>
<th>Department</th>
<th>Superannuation</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kevin Thomas</td>
<td>Police Department</td>
<td>Superannuation</td>
<td>07/07/2018</td>
</tr>
<tr>
<td>John Frey</td>
<td>Parks Department</td>
<td>Superannuation</td>
<td>05/16/2018</td>
</tr>
<tr>
<td>Daniel Smith</td>
<td>Gas &amp; Electric</td>
<td>Superannuation</td>
<td>08/11/2018</td>
</tr>
<tr>
<td>Maureen Schuck</td>
<td>School Department</td>
<td>Superannuation</td>
<td>09/01/2018</td>
</tr>
<tr>
<td>Maurice Powers</td>
<td>School Department</td>
<td>Superannuation</td>
<td>08/17/2018</td>
</tr>
<tr>
<td>Hector Rodriguez</td>
<td>Fire Department</td>
<td>ADR</td>
<td>06/27/2018</td>
</tr>
</tbody>
</table>

V. Expenses:

A. Bills .................................................. $1,307.56
   Consultant Fees .................................. 5,000.00
   Office Payroll .................................... 25,420.58
   Refunds and Transfers ......................... 88,161.74
   Management Fees .................................. 49,276.57

B. Pension Payroll ................................. $1,830,877.00
   Annuity Payroll ................................. 355,490.92
   Total Payroll ................................ $2,186,367.92

VI. Issues-Request-Policy:

A. PERAC Memos and Correspondence:
   Memo #19/2018 Tobacco Company List
   Memo #20/2018 PROSPER and Compliance with 91A Process
   Memo #21/2018 Mandatory Retirement Board Training - 3rd Quarter 2018
B. **Pension Appropriations: FY2018:**

<table>
<thead>
<tr>
<th></th>
<th>Total Due</th>
<th>Total Paid</th>
<th>Balance Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>City</td>
<td>$12,007,137.00</td>
<td>$12,007,137.00</td>
<td>$0.00</td>
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<tr>
<td>Gas &amp; Electric</td>
<td>3,780,352.00</td>
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<td>0.00</td>
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<tr>
<td>Water</td>
<td>498,511.00</td>
<td>457,011.00</td>
<td>41,500.00</td>
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<tr>
<td>Housing</td>
<td>975,537.00</td>
<td>975,537.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Waste Water</td>
<td>26,575.00</td>
<td>26,575.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$17,288,112.00</td>
<td>$17,246,612.00</td>
<td>$41,500.00</td>
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</tbody>
</table>

**Pension Appropriations: FY2019:**

<table>
<thead>
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<th></th>
<th>Total Due</th>
<th>Total Paid</th>
<th>Balance Due</th>
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</thead>
<tbody>
<tr>
<td>City</td>
<td>$11,894,294.00</td>
<td>$0.00</td>
<td>$11,894,294.00</td>
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<tr>
<td>Gas &amp; Electric</td>
<td>3,933,325.00</td>
<td>327,777.08</td>
<td>3,605,547.92</td>
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<tr>
<td>Water</td>
<td>531,980.00</td>
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<td>531,980.00</td>
</tr>
<tr>
<td>Housing</td>
<td>900,302.00</td>
<td>0.00</td>
<td>900,302.00</td>
</tr>
<tr>
<td>Waste Water</td>
<td>28,211.00</td>
<td>0.00</td>
<td>28,211.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$17,288,112.00</td>
<td>$327,777.08</td>
<td>$16,960,334.92</td>
</tr>
</tbody>
</table>

C. **Disabilities:**

Mr. McCarthy asked the Board to go into Executive Session under Purpose 7 of the Open Meeting Law: “To comply with, or act under the authority of, any general ... law ...”, that law being Exemption (c) of the Public Records Law (G.L. c. 4, s. 7(26)(c)) exempting personnel and medical files or information and other materials or data relating to a specifically named individual, the disclosure of which may constitute an unwarranted invasion of personal privacy. A roll call vote was taken to go into Executive Session. Voting “yes” were Ms. Aubrey, Mr. Casey, Mr. Dulude, Mr. McCarthy, and Mr. Schmidt.

**EXECUTIVE SESSION ..................... 9:10 A.M.**

**EXECUTIVE SESSION adjourned ...... 9:20 A.M.**

On a motion made by Ms. Aubrey, seconded by Mr. Schmidt, the Board voted unanimously (5-0) to request PERAC to convene a medical panel for Kennard Sherman. Voting “yes” were Ms. Aubrey, Mr. Casey, Mr. Dulude, Mr. McCarthy, and Mr. Schmidt.

On a motion made by Mr. Casey, seconded by Ms. Aubrey, the Board voted unanimously (5-0) to approve an Accidental Disability Retirement for Mr. John Tobin, based on the medical evidence. Voting “yes” were Ms. Aubrey, Mr. Casey, Mr. Dulude, Mr. McCarthy, and Mr. Schmidt.

D. **NPEA Conference:**

On a motion made by Ms. Aubrey, seconded by Mr. Schmidt, the Board voted unanimously (5-0) to allow Ms. Dugre to attend the 2018 NPEA annual conference to be held in Tuscon, AZ. Voting “yes” were Ms. Aubrey, Mr. Casey, Mr. Dulude, Mr. McCarthy, and Mr. Schmidt.

E. **13th/Bonus Check:**

The Board continued the discussion of issuing an extra check in lieu of increasing the COLA base. Seeking to increase the benefits of the retirees and survivors, without jeopardizing the financial health of the system by permanently locking in a COLA increase, the Board agreed that the extra benefit should be tied to the rate of investment return of the Pension Fund.
Further discussion will be held at the next Board meeting in August.

F. 91A Hearings:
The Board was informed by PERAC that 2 ADR retirees had not submitted the necessary forms pursuant to the provisions of Section 91A. PERAC instructed the Board to cease paying the retirement benefits of these members until compliance was complete. The Board met with Wilfredo Guzman and Tomas Colon, separately, to help facilitate the compliance.

Mr. Depelteau entered the meeting at 9:45 A.M.

G. Investments:
   1. June Performance:
      The Board reviewed the cashflow and performance worksheets through June.

      Mr. Depelteau expressed concern about the market, with regard to the increase in volatility, trade war rhetoric, geopolitical risks, mid-term elections and the Fed’s anticipated 4 rate increases. He said it was probably a good time to ratchet down risk exposure in the portfolio by reducing equities and increasing fixed income and real estate.

      On a motion made by Mr. Schmidt, seconded by Mr. Casey, the Board voted unanimously (5-0) to make the following adjustment to the portfolio as suggested by Mr. Depelteau:

         a. Reduce Laudus Large Cap Growth portfolio by $5 million
         b. Reduce SSgA Small Cap Index Fund by $5 million

      Voting “yes” were Ms. Aubrey, Mr. Casey, Mr. Dulude, Mr. McCarthy, and Mr. Schmidt.

      On a motion made by Mr. Casey, seconded by Mr. Schmidt, the Board voted unanimously (5-0) to make the following adjustment to the portfolio as suggested by Mr. Depelteau:

         a. Add $4 million to Putnam Core Fixed Income portfolio
         b. Add $3 million to SSgA TIPS Fund
         c. Add $3 million to PRIT Real Estate fund

      Voting “yes” were Ms. Aubrey, Mr. Casey, Mr. Dulude, Mr. McCarthy, and Mr. Schmidt.

   2. Small Cap Search:
      The Board received 42 requests for the RFP and 27 responses. The incumbent is Fidelity Institutional Asset Management (formerly Pyramis). The Board reviewed the worksheets highlighting the results of the search. Based on the evaluation criteria, 15 firms were ranked “highly advantageous.”

      On a motion made by Mr. Schmidt, seconded by Mr. Dulude, the following managers were invited in for interviews on August 22nd:

      Fidelity Institutional Asset Management
      Aristotle Capital Management
      Wisdom Tree Asset Management

      Voting “yes” were Ms. Aubrey, Mr. Casey, Mr. Dulude, Mr. McCarthy, and Mr. Schmidt.
3. **PERAC/Schwab:**
The Board is in receipt of a letter from PERAC regarding the re-hiring of Schwab's Laudus Large Cap Growth fund. The Laudus Fund is sub-advised by Blackrock. Schwab has hired Flynn Financial, a franchise of brokerage company, LPL, to perform the "back office" functions for the fund. PERAC has indicated that Schwab's disclosure and placement agent statements will need clarification. The Board has forwarded the communication to LPL.

**H. August Meeting:**
The next regularly scheduled meeting of the Holyoke Retirement Board will be held on Wednesday, August 22, 2018 at 8:30 A.M.

There being no further business, a motion to adjourn was made by Mr. Schmidt, seconded by Ms. Aubrey, passing unanimously (5-0) on a roll call vote. Voting "yes" were Ms. Aubrey, Mr. Casey, Mr. Dulude, Mr. McCarthy, and Mr. Schmidt.

MEETING .........................adjourned 10:50 A.M.

**List of Documents Reviewed at 7/25/18 Meeting:**
Draft minutes of 6/30/18 meeting
Statement of Financial Activities as of June 2018
Cash Requirement Forecast
Appropriation FY2018 & FY2019 Worksheets
PERAC Memos #19-22/2018
13th/Bonus Check Outline

Regarding Investments:
- JuneWorksheets and Cashflow
- Small Cap Search Analysis and Narrative
- TerraCap Real Estate July 2018 Newsletter
- PERAC letter regarding Schwab/Laudus fund
- Pensions & Investments article on risk mitigation

Regarding Disabilities:
- Medical Panel Certificate for John Tobin

Physician's Statement for Kennard Sherman

Respectfully submitted,

Cheryl A. Dugre  
Executive Director

ATTESTED TO:

John T. McCarthy (Chairman)
Michele Aubrey
Rory Casey
Anthony Dulude

Bellamy H. Schmidt

Elected Member

Ex-Officio Member