Joshua Pueschel
Ex Officio Member

Bellamy H. Schmidt
Appointed Member
HOLYOKE RETIREMENT BOARD
JUNE 20, 2017
MINUTES

The regular Meeting of the Holyoke Retirement Board was called to order by Chairman John McCarthy at 10:00 A.M. Present were Michele Aubrey, Daniel Owens, Joshua Pueschel and Bellamy Schmidt. Also present was Executive Director, Cheryl Dugre and CIO, Raymond Depelteau.

I. Minutes of Board meeting held on May 25, 2017.

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. McCarthy, Mr. Pueschel and Mr. Schmidt.

II. Bank Reconciliation:
Peoples Checking account - as of May 31, 2017
Peoples Payroll account - as of May 31, 2017

III. Statement of Financial Activities:
The Board reviewed statements for May 2017.

IV. Retirement Applications:
Sean Adamson      Fire Department  5/26/2017  ADR
Elizabeth Cournoyer School Department 6/27/2017  Superannuation

V. Expenses:
A. Bills..............................................$  7,624.14
Refunds ...........................................2,563.95
Transfers ....................................... 63,188.43
Office Payroll ................................... 26,430.02
Service Contracts ...........................  565.62

B. Pension Payroll ....................... $1,781,416.68
Annuity Payroll .........................  333,610.48
Total Payroll .................................$2,115,027.16

VI. Issues-Request-Policy:
A. PERAC Memos and Correspondence:
   Memo #18/2017  Tobacco Company List
   Memo #19/2017  PROSPER System Changes

B. Pension Appropriations:
   FY2017
   City ...................... $12,106,585.00  $12,106,585.00  $  0.00
   Gas & Electric ........... 3,641,978.00  3,338,479.87  303,498.13
   Water ....................... 514,926.00  472,026.00  42,900.00
   Housing .................... 996,372.00  996,372.00  0.00
   Waste Water ................. 28,251.00  28,251.00  0.00
   Total ....................... $17,288,112.00  $16,941,713.87  $ 346,398.13
C. **Budget:**
On a motion made by Mr. Owens, seconded by Ms. Aubrey, the Board voted unanimously (5-0) to accept the FY 2017 Budget presented by Ms. Dugre. Voting "yes" were Ms. Aubrey, Mr. McCarthy, Mr. Owens, Mr. Pueschel and Mr. Schmidt.

D. **Investments:**
1. **Performance:**
The Board reviewed the May 2017 performance and cashflow worksheets.

2. **Holyoke vs. PRIT:**
The Board reviewed an updated worksheet highlighting the performance of Holyoke vs. PRIT. According to PERAC the fund returned 8.20% for 2016 compared with PRIT’s 8.02%. This resulted in $53.8 million more in the Fund than if the assets had been invested in PRIT in 2009.

3. **PERAC Rankings:**
The Board reviewed the 2016 Investment rankings issued by PERAC. For 2016, Holyoke ranked 36th, PRIT 70th. Holyoke was 1st for the 5 year return, and 10th and 14th for the 10 year and inception time periods.

4. **Carry Interest:**
Mr. Depelteau presented a worksheet to the Board that tracked private equity funds since their inception. Mr. Depelteau wanted to demonstrate to the Board that by PERAC not including carry interest in the grossing up of the system's return it was reporting a lower return than is justified, in his opinion. Mr. Depelteau also demonstrated that cumulative fund expenses should also be added in the return calculation if a GP has earned carry interest. Mr Depelteau explained that the GP is only entitled to carry interest when they have achieved the preferred rate of return, has reimbursed the LP all management fees and also reimbursed all fund expenses. In Holyoke's case, Mr. Depelteau estimated that this exclusion has cost the system about an additional 1.5% of return. Mr. Depelteau said he would keep in contact with PERAC in the hope that they might come around to his view on this carry interest issue.

Board Attorneys, Thomas Gibson and Gerald McDonough entered the meeting at 10:35 A.M

E. **Legal Update:**
Mr. Gibson brought the Board up to date on several legal issues including; the Public Record Law, changes to vacation buybacks in the works and the Pioneer report.

F. **Disabilities:**
Mr. McCarthy asked the Board to go into Executive Session. He said Executive Session is necessary to discuss the details and medical reports of the various disability applications. Mr. McCarthy said the Board would reconvene after the Executive Session. A roll call vote was taken to go into Executive Session. Voting "yes" were Ms. Aubrey, Mr. Pueschel, Mr. McCarthy, Mr. Owens and Mr. Schmidt.

**EXECUTIVE SESSION **................. 10:55 A.M.
**EXECUTIVE SESSION **adjourned ...... 12:10 P.M

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

On a motion made with great reluctance by Mr. Schmidt, seconded by Mr. Owens, the Board voted 3-2 to approve an Accidental Disability Retirement for Jason Santaniello, based on the medical evidence provided. Voting “yes” were Mr. McCarthy, Mr. Pueschel and Mr. Schmidt. Voting “no” were Ms. Aubrey and Mr. Owens.

On a motion made by Mr. Owens, seconded by Ms. Aubrey, the Board voted unanimously to authorize legal counsel to seek clarification of the medical panel on issues of disability and causation for James Wilson. Voting “yes” were Ms. Aubrey, Mr. McCarthy, Mr. Owens, Mr. Pueschel and Mr. Schmidt.

Ms. Aubrey and Mr. Pueschel left the meeting at 12:10 P.M.

On a motion made by Mr. Owens, seconded by Mr. Schmidt, the Board voted unanimously (3-0) to accept the public record guidelines presented by Mr. Gibson. Voting “yes” were Mr. McCarthy, Mr. Owens and Mr. Schmidt.

G. July Meeting:
The next regularly scheduled meeting of the Holyoke Retirement Board will be held on Thursday, July 20, 2017 at 9:00 A.M.

There being no further business, a motion to adjourn was made by Mr. Schmidt, seconded by Mr. Owens, passing unanimously (3-0).

MEETING .....................adjourned 12:20 P.M.

Respectfully submitted,

Cheryl A. Dugre
Executive Director

ATTESTED TO:

John T. McCarthy (Chairman)
Michele Aubrey
Daniel R. Owens
Joshua Pueschel
Bellamy H. Schmidt
A special Meeting of the Holyoke Retirement Board was called to order by Chairman John McCarthy at 9:00 A.M. Present were Michele Aubrey, Daniel Owens, Joshua Pueschel and Bellamy Schmidt. Also present was Executive Director, Cheryl Dugre and Chief Investment Officer Raymond Depelteau.

The Board interviewed the following managers for the International Equities search:

- RBC Global Asset Management
- Acadian Asset Management
- Wasatch Advisors
- Algert Global
- Oberweis Asset Management

The Board conducted finalist interviews in both the International large cap space and International small cap space. The Board interviewed incumbent, RBC Global Asset Management and Acadian Asset Management. RBC has provided the fund stellar performance since their inception back in 2006. In fact, they rank in the top quartile over every observation period over the last 10 years. While the Board had no issue with their performance there was a discussion concerning them being the only manager in the space for Holyoke. The Board then interviewed Acadian and everyone was very impressed their organization, performance and philosophy and process. After much discussion the Board voted to rehire RBC with the same account size and to also hire Acadian for a $5 million mandate. The rationale being that it would provide some diversification from RBC and also add some flexibility if we became less confident or comfortable in what RBC was doing. Funding will come from reducing our EAFE Index.

In the International small cap space the Board interviewed incumbents Wasatch and Oberweis as well as Algert Global. The Board has been happy with both incumbents and voted to rehire them. They also voted to increase Wasatch’s portfolio by $500,000. The Board was extremely impressed with the presentation by Algert Global. They are a very quantitative manager on the cutting edge of utilizing behavioral inputs in the investment process. Algert has a 7 year record in the strategy and has beaten the market each year. The Board voted to award a $3 million mandate to Algert. Each strategy in the space is different thereby providing great diversification in an asset class that is typically very volatile. Funding will also come from our EAFE Index.

On a motion made by Mr. Owens, seconded by Mr. Schmidt, the Board voted unanimously (5-0) to extend the contracts of incumbents, Wasatch and Oberweis and to hire Algert Global. Voting “yes” were Ms. Aubrey, Mr. McCarthy, Mr. Owens, Mr. Pueschel and Mr. Schmidt.

On a motion made by Ms. Aubrey, seconded by Mr. Schmidt, the Board voted unanimously (5-0) to extend the contract of RBC and hire Acadian. Voting “yes” were Ms. Aubrey, Mr. McCarthy, Mr. Owens, Mr. Pueschel and Mr. Schmidt.

There being no further business, a motion to adjourn was made by Mr. Schmidt, seconded by Mr. Owens, passing unanimously (5-0).

MEETING ....................................adjourned 12:05 P.M.
Respectfully submitted,

Cheryl A. Dugre
Executive Director

ATTESTED TO:

John T. McCarthy (Chairman)
Elected Member

Michele Aubrey
Appointed Fifth Member

Daniel R. Owens
Elected Member

Joshua Pueschel
Ex-Officio Member

Bellamy H. Schmidt
Appointed Member