HOLYOKE RETIREMENT BOARD
AUGUST 23, 2017
MINUTES

The regular Meeting of the Holyoke Retirement Board was called to order by Chairman John McCarthy at 8:30 A.M. Present were Michele Aubrey, Anthony Dulude and Joshua Pueschel. Also present was Executive Director, Cheryl Dugre and Chief Investment Officer, Raymond Depelteau.

On a motion made by Ms. Aubrey, seconded by Mr. Dulude, on a roll call vote, the Board voted unanimously (4-0) to allow Mr. Schmidt to participate remotely. Voting “yes” were Ms. Aubrey, Mr. Dulude, Mr. McCarthy and Mr. Pueschel. Distance prevented Mr. Schmidt from attending the meeting in person.

I. Minutes of Board meeting held on July 20, 2017.

On separate motions made by Mr. Schmidt, seconded by Mr. Pueschel, on a roll call vote, 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. Dulude, Mr. McCarthy, Mr. Pueschel and Mr. Schmidt.

II. Bank Reconciliation:
Peoples Checking account - as of July 21, 2017
Peoples Payroll account - as of July 31, 2017

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

IV. Retirement Applications:
Paul Prunier Housing Authority 02/23/2017 ADR
Jason Santaniello Fire Department 07/27/2017 ADR
Kathryn Verville School Department 09/16/2017 Superannuation

V. Expenses:
A. Bills ........................................... $1,931.44
   Refunds ....................................... 35,565.68
   Transfers .................................... 58,495.32
   Office Payroll ................................ 35,162.63
   Management Fees ............................ 118,149.58

B. Pension Payroll ................................ $1,793,321.48
   Annuity Payroll .............................. 332,847.34
   Total Payroll ................................ $2,126,168.82

VI. Issues-Request-Policy:
A. PERAC Memos and Correspondence:
   Memo #23/2017 MTRS c.32, section 3(8)c Reimbursements
   Memo #24/2017 COLA Increase for Supplemental Dependent Allow. Paid to Accidental Disability Retirees and Accidental Death Survivors
   Memo #25/2017 Repeal of G.L.c.32§90 G ¾
   Memo #26/2017 Access to PROSPER
   Memo #27/2017 Reinstatement to Service under G.L. c. 32§105
The Board is in receipt of PERAC memo dated July 31, 2017 regarding forfeiture of retirement allowances for dereliction of duty by members. Ms. Dugre informed the Board that the Holyoke Retirement System has no current members appearing on the list.

The Board is in receipt of a letter to John Wieland, from PERAC dated August 15, 2017.

B. Pension Appropriations:

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<tr>
<td>City</td>
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<tr>
<td>Gas &amp; Electric</td>
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<tr>
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<tr>
<td>Total</td>
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C. 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. Dulude, Mr. McCarthy, Mr. Pueschel and Mr. Schmidt.

EXECUTIVE SESSION ......................... 8:37 A.M.
EXECUTIVE SESSION adjourned ............. 8:39 A.M

No votes taken.

D. Resolution:
The Board updated the “Authorization for Execution of Documents.” On a motion made by Mr. Schmidt, seconded by Ms. Aubrey, on a roll call vote, the Board voted unanimously (5-0) that “in the absence of the Chairman, the Executive Director, after consultation with the Chief Investment Officer is authorized to take all actions, including the execution of investment documents, side letters and the like on behalf of the Board, which are necessary for the timely investment of the System’s assets. All such actions by the Executive Director shall be reported to the Board at its next regularly scheduled public meeting.” Voting “yes” were Ms. Aubrey, Mr. Dulude, Mr. McCarthy, Mr. Pueschel and Mr. Schmidt.

E. PERAC Election Inquiry:
The Board is in receipt of a request from PERAC regarding the recent Board member election. Among the documents reviewed by the Board were; the email thread between Ms. Dugre and John Parsons, PERAC General Council, an Election timeline, copies of all notices sent to members, copies of all candidate letters sent to members, Board minutes from the months preceding the election and a copy of the ballot.

F. Investments:

1. Performance:
The Board reviewed the July 2017 performance and cashflow worksheets. Year-to-date the fund is up 9.84%. However, Mr. Depelteau opined that the market will probably be going to go through a correction phase soon, but that corrections like this are healthy. He said U.S. markets were at an all-time high and that on a tactical basis it might be better to reduce U.S. equities and increase international equities. No action taken.
The Board discussed the cash position of the fund. Currently there is $8 million in uncommitted cash in the checking account. A lot of the cash comes from distributions and redemptions in anticipation of capital calls for the Private Debt allocation. Mr. Depelteau told the Board that given the current market conditions; he is comfortable holding that amount of cash.

2. **Private Debt Search:**
   The Board interviewed the four finalists (DDJ, Monroe Capital, Constitution Capital and Crescent Capital) in the private debt search. Prior to the discussion of finalists, the Board discussed the allocation to private debt, and it was unanimously agreed that 6% or $16 million was the appropriate target allocation. Everyone was impressed with the presentations by all finalists and there was much discussion following the interviews. During the discussion, a consensus developed that DDJ was actually more of a High Yield product than Private Debt and therefore should be eliminated. Additionally, Crescent Capital was eliminated on the basis that they were likely to generate UBTI based on their use of leverage at the Fund level. The Board unanimously agreed that both ConCap and Monroe should be offered mandates. ConCap offered a significant discount for those clients committing $10 million or more to the first close.

On a motion by Ms. Aubrey, seconded by Mr. Dulude, on a roll call vote, the Board voted unanimously (5-0) to allocate $11 million to Constitution Capital and $5 million to Monroe Capital. Voting “yes” were Ms. Aubrey, Mr. Dulude, Mr. McCarthy, Mr. Pueschel and Mr. Schmidt.

G. **September Meeting:**
The next regularly scheduled meeting of the Holyoke Retirement Board will be held on Wednesday, September 27, 2017 at 9:00 A.M.

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

MEETING .........................adjourned 12:00 P.M.

Respectfully submitted,

Cheryl A. Dugre
Executive Director

ATTESTED TO:

John T. McCarthy (Chairman)
Michele Aubrey
Anthony Dulude