

Pursuant to a notice duly filed with the Town Clerk, a meeting of the Concord Retirement Board was held at 8:30 a.m. on Tuesday, February 25, 2009 at the Town House, Concord, MA.

**Present:**                    **Peter J. Fulton – Chairman**  
**Anthony T. Logalbo**  
**Brian J. Whitney**  
**Gail Eagan-Henry**  
**Arnold Roth**

**Also Present:**            **Linda A. Boucher**  
**Paul Todisco**

Chairman, Peter Fulton, opened the meeting at 8:40 a.m.

**The board unanimously approved the January 27, 2009 minutes.**

**The board unanimously approved the February 2009 retiree payroll as follows:**

Pension	\$	328,842.68
Annuity	\$	<u>57,987.35</u>
<b>Total Payroll:</b>	<b>\$</b>	<b>386,830.03</b>

**The board unanimously approved the following expenses:**

ADP, Inc.	Invoices: #420667; # 440074; # 450761; and #464490	\$ 2,813.38
MTRS	3(8)(c) reimbursement – Various retirees	\$ 65,373.23
Russell Investments	Invoice #1018558 – Equity I Fund: 85 Basis Points - International Fund: 100 Basis Points	\$ 23,857.00
State Board of Retirement	59(A) reimbursement – George Carter; Hazel Walker	\$ 371.95
State Board of Retirement	3(8)(c) reimbursement – various retirees	\$ 70,284.14
Town of Concord	Reimb. - January 2009 Telephone & Temp. Office Staff – N. Lefebvre	\$ 1,619.51
W.B. Mason	Invoice # 176831-000	\$ 175.65
Boston Retirement Board	3(8)(c) reimbursement – Leslie Barron	\$ 827.02
Gardner Retirement Board	3(8)(c) reimbursement – Arthur Young	\$ 783.58
Bank of America	Analysis Invoice #09010118351	<u>\$ 466.54</u>
<b>Total Expenses:</b>		<b>\$166,572.00</b>

**The board unanimously approved the following investment transactions:**

Purc/ Sale	Description	%	Yield to Mat	Maturity Date	Price	Par	Total	Rating Moody's/ S&P
P 02/11/2009	MetLife Inc.	7.717	7.666	02/15/2019	100.35	135,000.00	135,472.50	A2/A
S 02/17/2009	Proceeds Maturity Wachovia Corp	3.625	3.63	02/17/2009	100.00	100,000.00	100,000.00	AA3/AA
S 02/15/2009	Proceeds Maturity WA Post	5.500	5.50	02/15/2009	100.00	100,000.00	100,000.00	A1/A+
P 02/18/2009	US Treas. Note	1.75	1.81	01/13/2014	99.70	40,000.00	39,881.00	Govt./Govt.
P 01/27/2009	US Treas. Note	3.75	2.54	11/15/2018	110.43	50,000.00	55,215.00	Govt./Govt.
S 01/27/2009	Home Depot Inc.	5.875	7.97	12/16/2036	76.72	50,000.00	38,360.00	BAA1/BBB+
S 02/18/2009	JPMMT 2004-A3-3A2	5.239	10.27	07/25/2034	80.25	36,450.71	29,251.69	AAA/AAA

**The board unanimously approved the following new members:**

Name	Unit	Department	Position	Hire Date	Group
Yvonne Libby	School	Alcott	Kindergarten Assist.	09/04/2008	1
Barbara Creamer	School	Alcott	SPED Assist.	09/04/2008	1

**The board unanimously approved the following new retirements:**

Name	Unit	Department	Position	Retirement Date	Service
Richard J. Lemar	Town	Town Manager	Custodian	02/02/2009	11.5000
Benjamin Demesa	School	Maintenance	Bld. Svc. Worker	01/31/2009	21.4167
Kenneth Willette	Town	Fire	Chief	02/28/2009	32.2499

**The board unanimously approved the following refunds:**

Name	Unit	Department	Position	Amount	Service
Susan T. Ayer	School	Maintenance	Custodian	\$19,756.71	10.000
<b>IRS:</b>				<b>\$ 4,641.71</b>	

**The board unanimously approved the following transfer to another system:**

Name	Unit	Department	Position	Amount	Service
Joan Payne	School	SPED	Tutor	\$1,748.04	1.5833

Paul Todisco, Senior Client Services Officer with PRIMB, presented a performance review of the Pension Reserve Investment Trust Fund through January 31, 2009. Mr. Todisco admits that the fund's performance for the last quarter of 2008 started out grim, gained a little respite in December and then turned downward again in January 2009. Between December 2007 and December 2008, the PRIT fund assets have declined about 29%. Since 1985, there were several years when the fund substantially out performed its benchmarks. However, since 1994, PRIT has had five years of underperformance.

The presentation began with an overall review of the composition of the PRIM board including PRIM advisory committees, PRIM board staff and external advisors. Mr. Todisco spoke briefly about the PRIT fund assets (totaling \$37.8 billion in 2008) and the asset allocation. The total PRIT Fund calendar year returns for 2008 were negative 29.39%. A review of the one-year returns by asset class showed emerging markets as the largest underperformer for 2008 with domestic and international equities next in line.

PRIT's objective with the portable alpha strategies is to achieve annual returns that are above the Russell 3000 minus LIBOR (London Interbank Offered Rate). PRIT did not achieve this objective in 2008. After reviewing the poor performance of the PRIT portable alpha managers in 2008, the board inquired as to whether or not PRIT intended to rethink this strategy. Mr. Todisco told the board that although the portable alpha failed in 2008, there are no immediate plans to change the current strategies.

PRIT Small Cap managers also underperformed their benchmarks. When compared to the Russell 2500 Value Fund, Putnam underperformed by almost 30%. Since value out performed growth in 2008, the board wanted to know if poor performance would be grounds to fire the manager. Mr. Todisco stated that PRIMB generally affords new managers a reasonable period of time (usually three years) to prove performance. Therefore, there are no immediate plans to terminate Putnam.

PRIT's 17.6% allocation to International Equity markets outperformed benchmarks in 2008 and has returned 7.38% annualized since inception in June 1986. PRIT's emerging markets had one manager out perform the index in 2008. Mr. Todisco stated that the uncertainty of oil prices negatively impacted the performance of the emerging markets portfolio. Although this asset class is fundamentally sound, a large number of investors have left this market primarily due to the associated risks.

PRIT's total fixed income performance has returned 8.03% annualized since August 1985. Bonds were up slightly over last year. This asset class is more than core bonds. It has exposure to TIPS with a custom commodities overlay. This strategy had been working well until commodity prices sank last year impacting the overall performance. Other factors

that hurt this fund are corporate bonds and mortgage backed securities.

Mr. Todisco spoke briefly regarding the Core Real Estate performance. He told the board that there are no current benchmarks for real estate and that there have been many discussions with managers regarding the value of real property. REITs accounted for most of the negative returns in the 2008 portion of the portfolio.

Vintage Year 2006 fund is 80% invested. PRIMB assumes the fund will be negatively impacted by as much as a 20% write down due partly to the fees that are paid on committed capital. PRIT has already invested \$58 million of the \$1.42 billion committed to the Vintage Year 2008 Fund. At this point, PRIT is uncertain what the 2006 or 2008 Vintage Year returns will be.

The board was provided with the following PERAC memos: PERAC Memo 8/2009 – Buyback and Make-up Repayment Worksheets; PERAC Memo 9/2009 – Data Verification for PERAC’s Annual Report; PERAC Memo 10/2008 – Health Insurance Premiums exclusion from gross income; PERAC Memo 11/2009 – Annual Review of Medical Testing Fees; PERAC Memo 12/2009 – 2009 Disability Seminars; PERAC Memo 13/2009 – IRS Questionnaire; and PERAC Memo 14/2009 – Selection of the Fifth Member.

Andrew Giles has requested permission to buyback creditable service for the period of time when he was in the military. Mr. Giles has been employed by the Town of Concord since October 1987. Chapter 166 of the Acts of 2004 removed the requirement that a member in service have ten years of creditable service in order to purchase military service credit. PERAC Memorandum #11/2003 suggests that, “Retirement boards must assure that all members...are notified of this option and given 180 days to determine whether or not to purchase this creditable service.” The board will review this matter after reviewing PERAC memos that discuss the military service credit provision.

Mr. Jiovannie Chavez had requested a return of his total accumulated deductions which resulted in an overpayment of \$799.20 to him. Mr. Chavez has agreed to return the funds but asked if the board could accept installments. Tony motioned to accept \$200.00 per month until all funds have been recovered. Arnold seconded the motion. **Voted unanimously.**

MACRS is holding its Spring 2009 conference from June 6 -10, 2009. The cost for registration is \$250.00 per person. Each member or administrator that attends will provide the board with appropriate documentation for reimbursement for accommodations and mileage. Arnold motioned to pay \$250.00 per person to cover the cost of registration. Motion seconded by Gail. **Voted unanimously.**

Meeting adjourned at 11:15 a.m.

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Peter J. Fulton – Elected - Chairman

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Brian J. Whitney - Elected

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Anthony T. Logalbo – Appointed

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Gail Eagan-Henry – Ex Officio

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Arnold Roth