

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, October 27, 2009 at the Town House, Concord, MA.

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

**Also Present:**  
**Linda A. Boucher – Administrator**  
**Michael Travaglini – PRIM Board Executive Director**  
**Paul Todisco – PRIM Board Senior Client Service Officer**  
**Thomas F. Gibson, Esq.**  
**Kimberly Fletcher**

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

**The board unanimously approved the September 22, 2009 minutes as amended.**

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

Pension	\$341,445.16
Annuity	<u>60,163.27</u>
<b>Total Payroll:</b>	<b>\$401,608.43</b>

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

Russell Investments	Invoice #1019400		
	Russell Equity I Fund:	\$18,660.00 (85 basis pts)	
	Russell International Fund:	\$ 9,419.00 (100 basis pts)	\$ 28,079.00
GFOA	Renewal Notice #0004753S		\$ 55.00
ADP, Inc.	Invoice #824397		\$ 187.46
Bank of America	Invoice #09090108474		\$ 579.20
Bank of America	Investment Mgt Fees:		
	Equity – account #8549574	\$13,693.78	
		(55 basis pts plus \$500 qtrly fee)	
		\$125.00 (flat fee)	\$ 13,818.78
	Fixed Income – account #8553057	\$6764.12	
		(10.125 basis pts plus \$10.00 trans. fee)	
		\$240.00	
		B/S/FR/FD EXCL ERUO, OPTIONS	\$ 7,004.12
Town of Concord	Reimburse overpayment of member deductions		\$ 100.00
Stone Consulting, Inc.	Actuarial Consulting Services July through September 2009		\$ 3,140.00
Linda A. Boucher	Reimbursement MACRS Conference: room, tax & mileage		\$ 539.74
Peter J. Fulton	Reimbursement MACRS Conference: room, tax, mileage and meals		\$ 306.48
Town of Concord	Reimb. temp. office staff N. Lefebvre; telephone; Q2FY10 tel. maint.		\$ 2,295.57
McWalter-Volunteer Ins.	Invoice #183135 – Renew Policy #BON1605155 Peter Fulton		<u>\$ 75.00</u>
<b>Total expenses:</b>			<b>\$56,180.35</b>

The board was provided with the following list of investment transactions:

Purc/ Sale	Description	%	Yield to Mat	Maturity Date	Price	Par	Total	Rating Moody's/ S&P
P 09/24/2009	FHLM Corp Series 3565 CL XA	4.00	3.16	08/15/2022	102.61328	184,107.550	188,918.80	Govt/Govt
S 10/15/2009	Suntrust Bks Inc Sr NT Proceeds Maturity	4.250		10/15/2009			200,000.00	
S 10/14/2009	Burlington North Santa Fe Corp. SR. Unsec. DEB	5.650	4.32	05/01/2017	106.60600	100,000.00	106,606.00	Baa1/BBB+
P 10/14/2009	BNSF FDG TR I CTD TR PFD SEC C1/15/26 @100%	6.613	7.14	12/15/2055	95.000	95,000.00	90,250.00	BBB-/Baa3
P 10/20/2009	FHLMC SER 3536 CL PC	5.90	2.89	2.5 year avg. life	103.73	268093.67	278,084.35	AAA/AAA

The board unanimously approved the following new members:

Name	Unit	Department	Position	Hire Date	Group
Kerry O'Rourke	School	Alcott	Title I Math Tutor	09/21/2009	1
Janet Aceti	Town	CMLP	Energy Cons. Coord.	09/28/2009	1

The board unanimously approved the following Option B Refund:

Name	Unit	Department	Position	Amount	Service
Patricia Lawrence	<b>OPTION B REFUND</b>			<b>\$237.29</b>	
<b>IRS:</b>				<b>\$ 59.32</b>	

The board unanimously approved the following transfer to another system:

Name	Unit	Department	Position	Amount	Service
Paula Dumont	Town	Finance	Field Lister	\$15,102.61	2.5000
Transferring to Worcester Regional Retirement System					

The board respectfully acknowledged the following death:

Albert J. Lawrence – hired by the Town of Concord in a permanent position on January 12, 1959 as an Community Services Maintenance Manager with the Highway Department. Mr. Lawrence retired from his position on July 31, 1993 with 35 years of service. Mr. Lawrence passed away on September 26, 2009 at the age of 71.

Mike Travaglini, Executive Director of the PRIM Board, began the presentation with an organizational update. Mike informed the board that the Governor/Governor's designee, Leslie Kirwan has resigned from her position and that she will be replaced by Greg Mennis as the Governor's designee going forward. Also, Peter Brooke, founder of Advent International, will be stepping away after the November 2009 PRIM Board meeting.

Paul Todisco talked to the board about the 2008 impact on both absolute and relative performance. He stated that 2009 has showed some non-US stocks and fixed income rebounding and performing better. The board asked if the PRIM Board keeps a constant balance of stocks to bonds. Mike Travaglini explained to the board that they do keep the balance within a range of plus or minus 3%. If the balance goes outside the range, then rebalancing is mandated. By and large, the objective of the PRIM Board is to stay mainly focused on the actuarial rate of return of 8.25% which is the rate of return set by the legislature. There have not been any recent discussions of lowering the rate at this time.

As a result of the August 5, 2009 PRIM Board meeting some planned changes to asset allocation include but are not limited to creating a 6% allocation to Value Added Fixed Income, lowering the target to Real Estate from 11% to 10%, renaming Absolute Return to Hedge Funds and to look at the portfolio tactfully instead of strategically.

The 2009 calendar year-to-date numbers as of September 30, 2009 are looking good. Value-Added Fixed Income (formerly known as High-Yield Debt) is at 25.41%; there is strong performance in the Core Fixed Income portfolio (10.86%); and Global Equity is at 29.13%. On the down side, effects of the economy are showing up in the Real Estate portfolio (-5.79%) and Private Equity (-11.87%). There is a one-quarter lag in the numbers for Private Equity; September numbers are based on June 30, 2009 valuations.

There were no significant changes to the Global Equity portfolio. However, the portfolio benchmark going forward will be MSCI All Country World Stock Index Net Dividends (ACWI) and not active management. The Fund currently consists of \$10.8 billion in Domestic Equity, \$8.7 billion in International Equity, and \$2.3 billion in Emerging Markets Equity.

The Core Fixed Income allocation is 12.4% with a target of 13.0%. There is \$5.2 billion invested in this portfolio with nine managers. \$3.8 billion is invested in Core portfolios with \$439 million invested in a U.S. TIPS portfolio, \$638 million is invested in ILBs( Inflation-Linked Bonds), and \$226 million is invested in three Economically Targeted Investments (ETIs).

Concord is invested in the Vintage Year 2006 and 2008 portfolio (now known as the Private Equity Portfolio). The goal is to maintain consistent participation in the market assuming high-quality opportunities are available. Diversification is maintained by size, strategy, stage and geography. The Russell 3000 plus 3% is the benchmark. PRIMB has been in this asset class since 1995.

To date, the 2006 Vintage Year has \$1.52 billion committed with a target of \$1.5 billion. The market value at 9/30/09 was \$640 million. The 2008 Vintage Year has \$1.42 billion in committed assets and a target of \$1.5 billion with a market value on 9/30/09 of \$101 million.

Thomas Gibson, counsel for the board, presented details of Chapter 21 of the Acts of 2009, an Act Providing Responsible Reforms in the Pension System. Mr. Gibson informed the board that the Legislature has fixed some of the pension related problems. However, issues such as “what qualifies as regular compensation” and “The Under \$5,000 Rule” have created more questions than answers.

Regarding “The Under \$5,000 Rule”, the member shall not receive creditable service but deductions should still be taken out. Under this new rule, the member will still be entitled to disability retirement allowances and buybacks.

Calculations for disability retirements must now use the salary that was in effect on the actual date of disability. The argument against this calculation is that it could be seen as punitive to members who may have returned to work after an injury in a light-duty capacity, possibly receiving increases in salary and normal pay raises, then later is found to be disabled as a result of the earlier injury. Under the current law, the salary must revert back to the salary that was in effect on the date the original injury was sustained.

Additionally, Chapter 28 of the Acts of 2009 made changes to the state’s Ethics Law. These changes impose new mandatory education and training requirements on public employers and public employees. As part of these changes, most public employees and public employers must complete an online training program prepared by the state’s Ethics Commission. Further details regarding this training program will be provided when available.

Some of the proposals to the current pension law include a recommendation to maintain a defined benefit plan and to continue staying out of Social Security; pro-rating service between different groups (Groups 1, 2, 3, and 4); penalties relating to forfeiture of pension benefits to be more in line with the infraction; and providing extra benefits to spouses.

The board was provided with the following documents: PERAC Memo 36/2009 – Disability Fraud Poster; PERAC Memo 37/2009 – Withdrawal of Accumulated Deductions; PERAC Memo 38/2009 – Appropriation Data Due October 31, 2009; PERAC Memo 39/2009 – Investment Manager List; PERAC Memo 40/2009 – Tobacco Company List; The PERAC Financial Bulletin – October 2009; and PRIM Board Update/PRIT Statement/Summary of Plan Performance.

The board was provided with the asset allocation and market value @ September 30, 2009 prepared by Tony Logalbo. The report indicates that assets are at a level last seen in August 2006 and are on the way up.

The board reviewed the 2010 proposed budget. Tony Logalbo motioned to approve the proposed budget with \$407,500 allocated to investment management fees; \$4,000 for legal fees; \$106,000 for staff salaries, staff benefits and services provided by the Town; and \$79,775 for all other administrative expenses. Arnold Roth seconded the motion. **Motion carried unanimously.**

Pursuant to Chapter 306 of the Acts of 1996 the retirement board directed their administrator to file the proposed expense budget with the appropriate legislative body of the governmental units whose employees the board serves. The board will take a final vote on the acceptance of the proposed budget at their December 29, 2009 board meeting.

Meeting adjourned at 11:05 a.m.

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Peter J. Fulton – Chairman, Elected

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Gail Eagan-Henry – Ex Officio

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Anthony T. Logalbo – Apointed

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Brian J. Whitney – Elected

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Arnold Roth – Appointed 5<sup>th</sup> Member