

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, September 22, 2009 at the Town House, Concord, MA.

Present: Peter J. Fulton – Chairman
 Anthony T. Logalbo
 Gail Eagan-Henry – Ex Officio

AMENDED MINUTES AS
 APPROVED BY
 THE BOARD
 October 27, 2009

Also Present: Linda Boucher – Administrator

Kenneth D. Hedgebeth – Director, Senior Relationship Manager
 Columbia Management
Alan M. Erickson – Director, Senior Fixed Income Portfolio Manager
 Columbia Management
Jonathan P. Carlson – Director, fixed Income Portfolio Manager
 Columbia Management
Brian M. Condon – Managing Director, Head of Quantitative Research
 Columbia Management

Absent: Brian J. Whitney
 Arnold Roth

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

The board unanimously approved the August 26, 2009 minutes.

The board acknowledged receipt of the trial balance at August 31, 2009.

The board unanimously approved the September 2009 retiree payroll as follows:

Pension	\$344,063.53
Annuity	<u>\$ 60,547.84</u>
Total Payroll:	\$404,611.37

The board unanimously approved the following expenses:

MACRS Fall Conference	Peter Fulton, Brian Whitney, Linda Boucher (Registration Fees)	\$ 750.00
Town of Concord	Reimbursement Temp Staff – N. Lefebvre 08/07 – 08/27/09	\$ 2,066.03
Town of Concord	Monthly telephone charges	\$ 46.48
Bank of America	Analysis Invoice #09080108373	\$ 587.87
Town of Concord	1 st qtr FY2010 Retirement office rent	\$ 1,317.51
ADP, Inc.	Invoice #782410	\$ 29.35
	Invoice #793293	\$ 983.90
Town of Concord	Reimbursement: July 1, 2009 – September 30, 2009	
	Salaries:	\$13,643.78
	Benefits:	\$ 2,632.98
	Medicare Tax:	<u>\$ 147.79</u>
		\$16,424.55
	Town Services:	
	Treasury Division:	\$ 1,273.50
	Personnel:	\$ 170.75
	Audit Fee:	\$ 750.00
	Postage:	\$ 375.00
	Expense:	<u>\$ 25.25</u>
		\$ 2,594.50
	Total reimbursement:	<u>\$19,019.05</u>

Total expenses: \$24,800.12

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 08/25/2009	GS MTG SECS TR 2007 GG10	5.993%	10.045%	08/10/2045	78.7500	200,000.00	157,500.00	AAA/BBB-
P 08/25/2009	Bear Stearns Coml Mtg Sec. TR 2007-PWR16	Var. Rate	7.995%	06/11/2040	89.0625	175,000.00	155,859.38	AAA/NR
P 08/25/2009	JP Morgan Chase Coml MTG SECS TR 2007-PWR16	5.716%	11.00%	02/15/2051	72.70312	200,000.00	145,406.25	AAA/A-
P 08/25/2009	Discover Card Execution NT TR 2007-1 CL C	Var. Rate		01/15/2013	96.10937	100,000.00	96,109.38	
S 08/25/2009	US Treas. Note	4.625%	1.32%	02/29/2012	108.14062	150,000.00	162,210.94	Govt/Govt
S 08/25/2009	US Treas. Note	4.250	3.37%	11/15/2017	106.22656	350,000.00	371,792.97	Govt/Govt
P 09/14/2009	USB Cap IX Normal Income TR SECS Call 04/15/2011 @ 100%	6.189%	2.55%	03/29/2049	74.000	20,000.00	\$14,800.00	A2/BBB+
P 09/14/2009	Bear Stearns Comm. MTG SECS TR Mtg Pass thru CTF CL A-4	5.201%		12/01/2038	89.4765630	25,000.00	\$22,369.14	AAA/AAA
P 09/15/2009	MorganStanley/Dean Whitter CAP I TR 2003 HQ2 pass thru CTF CL A-2	4.920%	5.53%	03/12/2035	101.15234	70,000.00	70,806.64	AAA/AAA
S 09/15/2009	Fed. Nat'l MTG Assn Benchmark Note PROCEEDS MATURITY	6.625%		09/15/2009			200,000.00	
S 09/15/2009	Household CR Card Master Note TR USA SER 2006-1 Asset Backed NT CL A PROCEEDS FROM SALE DUE TO ENTIRE CALL	5.1000%		06/15/2012			100,000.00	
P 09/15/2009	USB CAP IX Normal Income TR SECS Call 4/15/11 @ 100%	6.189%	2.55%	03/29/2049	74.000	20,000.00	14,800.00	A2/BBB+
S 09/15/2009	Discover Card Execution TR 2007 1 NT CK C FLTG	5.020%	1.54%	10/15/2013	105.49	120,000.00	131,865.24	AAA/AAA

The board unanimously approved the following new members:

Name	Unit	Department	Position	Hire Date	Group
MaryAnne Levine	School	Willard	1:1 SPED Aide	09/03/2009	1
Susan E. Smith-Boudha	School	Peabody	1:1 Tutor	09/04/2009	1
Mark J. Cloherty	School	CCHS	Tutor	09/04/2009	1
Tami B. Toomey	School	CCHS	Tutor	09/08/2009	1
Larissa A. Vincent	School	SPED	Tutor	09/01/2009	1
Stephen J. Wells	School	CCHS	Tutor	09/03/2009	1
Margarette Alcime	School	CPS	1:1 SPED Assist.	09/09/2009	1
Jasmine K. Graham	School	CCHS	METCO Tutor	09/14/2009	1
Sally Hile	School	Thoreau	1-1 Inst. Assist.	09/21/2009	1
Jennifer Rosa	School	Willard	SPED 1:1 Aide	09/03/2009	1
Stacey C. Watford	School	CCHS	METCO Tutor	09/21/2009	1

The board unanimously approved the following transfer to another system:

Name	Unit	Department	Position	Amount	Service
Carolyn Cullinane	School	IT	Data Base Mgr	\$93,949.38	31.9167

The respectfully acknowledged the following death:

Grace Heron – born on February 5, 1920, Ms. Heron began her career with Concord as a secretary for the Recreation Department on January 21, 1985 at the age of 64. She worked for the next ten years until retiring on January 31, 1995. Ms. Heron did suffer a relatively long battle with Alzheimer's disease. Grace passed away on August 28, 2009 at the age of 89.

The board acknowledged a milestone birthday for the following retiree:

Ida Dickey – celebrated her 100th birthday on September 9, 2009. Ida was hired by the Concord Public Schools as a cafeteria worker on March 4, 1945 and became eligible for membership in the retirement system on September 4, 1945. Ms. Dickey worked in this position for 25 years before retiring on October 1, 1970. Happy 100th Birthday Ida!

The Columbia Management investment team presented the board with a portfolio review for the period ending July 31, 2009. Jon Carlson, Senior Fixed Income Portfolio Manager began the presentation with an economic review.

During the month of July the U.S. Securitized Index was up 1.37%. Commercial mortgage backed securities were up 7.63%, asset backed securities were up 1.93% and mortgage backed securities were up 0.82%. This performance could be due to the inclusion of commercial backed mortgages in the government bail out programs. Other factors that may be contributing to the outperformance of mortgage backed securities include the low cost of funding, low and stable rates, a market that is relatively comfortable with repayment prospects looking good.

Although commercial backed mortgages performed well for the month of July, they are still down 2.74% over the 12-month period ending July 31, 2009. Asset backed and mortgage backed securities continue to be affected adversely due to illiquidity.

Concord's performance in this sector of the portfolio for the past three months is up 5.36% versus 3.48% (Barclay's Gov/Credit Index). Concord's portfolio performance for the past one year is up 7.22% versus the index at 7.14% but is lagging slightly in the long return numbers.

The effective duration of Concord's bond portfolio at July 31, 2009 is 5.36 years versus 5.28 years. (Barclays Government/Credit Index) Long duration treasuries will be an offset to commercial backed securities and corporate debt with a 4.40 average yield.

Jon noted that they have not changed the average quality of the portfolio. However, holdings include some BBB rated bonds but most will remain single A. Although the quality of the bonds is lower, they have performed better than expected. They are still comfortable holding onto Ford Motor Credit even though the ratings have dropped below investment grade.

Brian Condon, Managing Director Quantitative Research Team, informed the board that the function of the qualitative research team is to build models to analyze stocks with a focus on factors within three topics: quality, valuation and catalyst. When they look at the quality they measure the profitability, strength and sustainability as well as receivables and cash flow. Valuation measures profitability at a reasonable price as well as growth at a reasonable price. The catalyst would include looking at the long- and short-term momentum measures. Although the data is derived from 3rd parties, the models are all "in-house" with a main goal to out perform the benchmark. Stocks are picked from within the Large Cap Value Index. They are beta neutral without trying to time the market. Another goal is to ensure that there is no risk of being out of a sector.

The performance at July 31, 2009 is good. The portfolio is up 5.5% for August and the year-to-date absolute returns at July 31, 2009 are up 12.5%.

Tony Logalbo presented the asset allocation and market values at August 31, 2009 report to the board. The numbers still substantially below where the portfolio should have been. The market effect on valuations is still substantial as well as the effects on the funding schedule. The combined market value of the system assets and the Town's Pension Reserve Fund increased 2.3% from the prior month-end.

The following PERAC memos were distributed to the board: PERAC Memo 32/2009 – Adjusted Hedge Fund Limits; PERAC Memo 33/2009 – COLA on Accidental Death Benefits; PERAC Memo 34/2009 – New Information Required for Accidental Disability Allowance Calculations; PERAC Memo 35/2009 - Uncompensated Time as an Elected Official or Library Trustee.

The board was provided with a copy of PRIT Statement/PRIM Board Update and Summary of Plan Performance at August 31, 2009.

Motion was made by Tony Logalbo to approve the estimated travel expenses in the amount of \$1,996.00 plus taxes and parking for attendance at the fall 2009 MACRS Conference for Peter Fulton, Brian Whiney and Linda Boucher. Motion was seconded by Gail Eagan-Henry. **Voted unanimously.**

The most recent PERAC audit revealed a possible error regarding David Curran's subjectivity to the additional 2% withholding on annual earnings over \$30,000. The information contained in Mr. Curran's folder indicated the following::

Mr. Curran worked as a "call-firefighter" between January 1, 1979 and July 11, 1981. His status as a "call firefighter" was a non-membership eligible position. Mr. Curran became a full-time, permanent employee on July 12, 1981 at which point he pursued the possibility of purchasing creditable service for the period of time when he worked as a "call firefighter". The records found in Mr. Curran's file suggest that the service dates he purchased were incorrectly identified as his membership eligibility date. The erroneous date was then entered into both the retirement board and town's payroll record as his membership eligibility date.

As a result of this comprehensive review of his file, the board determined that Mr. Curran's salary over \$30,000.00 per year is subject to the 2% additional withholding and that his retirement membership eligibility date is July 12, 1981. Therefore, the board determined that Mr. Curran has insufficiently contributed to the system in the amount of \$9,221.60. The board instructed their administrator to notify Mr. Curran of its findings and to issue a demand for repayment along with instructions for requesting a waiver.

Meeting adjourned: 10:10 a.m.

Peter J. Fulton – Chairman

Anthony T. Logalbo – appointed

Gail Eagan-Henry – Ex Officio