

**MINUTES OF THE MEDFORD RETIREMENT BOARD MEETING HELD on
7-29-2019 in room 201 at 9:30am**

1. 9:30AM Call meeting to order

Roll Call:

Present: Patrick Ripley, Rick Jordan, Robert Maiocco, Aleesha Nunley-Benjamin, James Vieira and Mark Minervini

Absent:

Others Present: Scott Driscoll and Marisa Gorman from NEPC. Aberdeen Standard Investments, Matt Murdoch, Karen Bater, Ashmore, Xiao Chen, George Grunebaum, Lazard, Frank Sposato, Darren Madden. 91A Hearings scheduled for: 11:15AM
James Morse

James Vieira motion to suspend the normal order of business for NEPC to present and the Manager interviews. Motion second by Robert Maiocco. Motion passed by all voting in favor

9:30am Karen Bater and Matthew Murdoch from Aberdeen Standard Investments joined the meeting and distributed their handout dated July 29, 2019. They indicated they currently have 38 Massachusetts retirement system clients, including PRIM, and 3 Massachusetts Retirement System's using the proposed strategy. Matthew Murdoch indicated that Aberdeen Standard Investments has \$640B in assets with \$14B in EMD undermanagement. Their main office is located in Scotland with offices located in London, Singapore and Hong Kong. Matthew Murdoch indicated that Aberdeen has 84 investment professionals on staff and 30 years history with Emerging Market equity, EM Debt and EM Corporates. Patrick Ripley asked if the issues in Hong Kong effect the Hong Kong office? Matthew Murdoch answered no. Scott Driscoll asked how many assets did Aberdeen have under management before the merge with Standard? Karen Bater answered approximately Aberdeen / Standard 50% each. Matthew Murdoc answered questions about fees indicating that the fees are 60 bps and it includes operational costs. Discussion continued about risk/return characteristics and research visits indicating that they visited 58 countries in 2018 and 33 to date in 2019 and have over 700 company meeting per year. Karen Bater and Matthew Murdoch discussed Aberdeen's investment process indicating their research process, determining value and the portfolio construction. In closing, Matthew Murdoch said Aberdeen is familiar with PERAC requirements. 10:00am Aberdeen left the meeting. Scott Driscoll summarized indicating that Aberdeen had some of the strongest performance, is well balanced, and the merging of both firms could be a positive by bringing both resources together.

10:05 Ashmore joined the meeting. Xiao Chen and George Grunebaum distributed their handouts dated July 2019. George Grunebaum indicated that Ashmore is headquartered in London with 307 employees globally with 95 investment professionals. Currently have \$91B in assets under management, with \$24B in blended debt. George Grunebaum reviewed the fund performance since its inception in June 2003. Reviewed the historical annualized returns indicating that they use a blended benchmark. Patrick Ripley asked how the situation in Hong Kong effects access? George Grunebaum replied that it's in their philosophy – and they analyze if they are getting paid enough for the type of problem and provided examples of a stable country such as Poland and a not so stable country such as Brazil. George Grunebaum indicated that Ashmore is strictly Emerging Markets and has a limited partnership with NEPC allowing for a fee rebate. Discussion about fees continued and Xiao Chen said that NEPC clients have a reduced fee in the form of a rebate of 25bps paid quarterly in cash or reinvestment. The fees are 1.02bps and expenses are not included and run approximately 13bps, the actual fee after the rebate is 88bps annually. Xiao Chen and George Grunebaum indicated that they are very familiar with PERAC and their investment regulations. George Grunebaum explained Ashmore's investment philosophy and their Investment Committee and decision process. 10:50am: Ashmore left the meeting.

10:55am Frank Sposato and Darren Madden from Lazard joined the meeting and distributed their handout dated July 29, 2019. Frank Sposato indicated that Lazard

has 70+ investment professionals and \$60B+ in assets under management with \$15.3B under management in emerging market debt. Darren Madden explained Lazard's strategy regarding risk and control and their philosophy centered around preservation of capital and mitigation of risk. Performance reviewed since inception December 2010 with focus on upside and downside indicating that the fund will outperform in a down market. A discussion on fees of 85pbs does not include expenses, which is additional and capped at 23bps, but currently running at 5bps. Robert Maiocco indicated that the Board is currently investing approx. \$22.5M in a Lazard strategy and if awarded this strategy, that would be an additional \$7M. Are you willing to negotiate fees? Frank Sposato answered that they are willing to provide a fee discount. A question as to why the presentation does not have a Massachusetts client listed? Frank Sposato said that they cannot list clients, however said that Lazard does have several Massachusetts Retirement Boards as clients, and they are very familiar with PERAC requirements. 11:30am Lazard left the meeting.

James Vieira asks NEPC to summarize. Scott Driscoll replied that Ashmore strength is its resources, and that Lazard will not perform as well in a strong market, but will outperform in a down market. Patrick Ripley stated that he feels Aberdeen danced around the political question about Hong Kong. Robert Maiocco said that Ashmore is dedicated to 100% emerging markets. Scott Driscoll said they also have strong metrics. James Vieira stated that he is impressed with Ashmore with 100% emerging markets.

Aleesha Nunley-Benjamin motions to hire Ashmore as Emerging Market Debt Manager. Motion second by Robert Maiocco. Motion passed by all voting in favor

Robert Maiocco asked Scott Driscoll if Ashmore is willing to negotiate the management fees. Scott Driscoll to talk with Ashmore about fee negotiation

Scott Driscoll and Marisa Gorman handed out the NEPC presentation dated 7/29/2019 and reviewed the portfolio performance as of June 2019, and reviewed YTD, and the past 1,3,5,7,10 and 15 years. Scott Driscoll indicated that the Fed's will most likely cut the rate by 25bps this week. Concerns about low inflation and trade. The 3-month treasury is 2.12% and 10 year is 2.00%, this is indicative of a recession – no immediate concerns - but looking closely at 2 year vs. 10 year.

Scott Driscoll provided recommendations for allocating the FY2020 appropriation, recommending to purchase \$4M Rhumblin S&P 500 index, \$2.5M Garcia Hamilton Domestic Fixed Income and \$1M William Blair Global Asset Allocation.

Aleesha Nunley-Benjamin motions to allocate the appropriation by purchasing the following:

Rhumblin S&P 500 Index Fund:	\$4,000,000
Garcia Hamilton Fixed Income:	\$2,500,000
William Blair Global Asset Allocation	\$1,000,000

Motion second by Patrick Ripley. Motion passed by all voting in favor.

Rick Jordan asked Scott Driscoll about scheduling manager reviews. Scott indicated the following will need reviews: Garcia Hamilton, William Blair, City of London and PRIM. Scott to follow-up with Mark Minervini and begin scheduling the reviews.

12:15pm: Scott Driscoll and Marisa Gorman left the meeting.

James Vieira motion to return to the normal order of business. Motion second by Aleesha Nunley Benjamin. Motion passed by all voting in favor

2. Reading of notice & certificate - Service of Notice Posted on July 11, 2019

Aleesha Nunley Benjamin motion to place notice and certificate that was posted on 7/11/2019 on file. Motion second by Robert Maiocco. Motion passed by all voting in favor

3. Reading of Previous Meeting by Secretary

Patrick Ripley motion to waive reading of previous meeting by secretary. Motion second by Aleesha Nunley Benjamin. Motion passed by all voting in favor.

Robert Maiocco motion to approve the minutes of the Board meeting held on June 27, 2019. Motion second by James Vieira. Motion passed by all voting in favor.

4. Bills, Communications, Refunds, Transfers, Payrolls, Etc.

Warrant S32

Law Offices of Michael Sacco PC - Legal Services June 2019	\$175.00
People's United Bank - Custodial Fees May 2019	\$3,184.77
WB Mason - Office Supplies	\$73.05
WB Mason - Office Supplies	\$43.50
Morgan Records Management LLC - File Storage Services	\$42.35
Ready Refresh - Water Delivery Service	\$7.22
USGround - Delivery Service 7/2/19	\$24.27
Andrea King - Refund	\$2,291.37
IRS a/c Andrea King - Refund - Federal tax Withheld	\$572.84
American Coradius International/John Hancock - Refund - Pamela McDermott	\$61.30
Proshred - Service 7/9/19	\$35.00
Eleni Beasley - Refund Deductions	\$40.86
IRS a/c Eleni Beasley - Refund Deductions	\$10.22
Katie Sherwood - Refund Deductions	\$44.96
IRS a/c Katie Sherwood - Refund Deductions	\$11.24
Rhumblin - Q2 2019 BTIPS-P	\$935.00
Rhumblin - Q2-2019 SP500MAP	\$3,277.00
Rhumblin - Q2-2019 SP400P	\$682.00
Garcia Hamilton & Associates LP - Mgmt Fees Q2	\$13,523.79
Loomis Sayles - Mgmt Fees Q2	\$22,805.31
Western Asset - Mgmt Fees Q3	\$7,050.83
Total Bills Warrant S32	\$54,891.88
Staff Salaries	4,192.50
Medicare	-
Expense Total	\$59,084.38
Pension	1,433,845.58
Annuity	278,971.27
Retiree Payroll Total	1,712,816.85
Warrant S32 Total	\$1,771,901.23
Prior Warrants	
Schedule 28	4,501.70
Schedule 29	4,248.07
Schedule 30	4,248.10
Schedule 31	6,378.51
Reference Total	19,376.38
Grand Total Warrant S32 with Prior Warrants	1,791,277.61

A motion was made by Patrick Ripley and second by Aleesha Nunley Benjamin to approve all bills, transfers, refunds, staff payrolls and retirement payroll listed above on schedules S28, S29, S30, S31 and S32. motion passed by all members voting in favor.

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Letter of Direction Dated June 16, 2019 to Lazard.

Aleesha Nunley Benjamin motion to approve the Letter of Direction Dated July 16, 2019 to Lazard instructing to redeem \$1,650,000 from the Lazard International Equity Account and transfer the funds to People's Bank. Motion second by James Vieira. Motion passed by all members voting in favor.

Wire Transmittal Letter Transferring \$1,350,000 From People's Bank to Century Bank.

James Vieira motion to approve the Wire Transmittal Transferring \$1,350,000 from People's Bank to Century Bank. Motion second by Patrick Ripley. Motion passed by all members voting in favor.

5. Report of Chairman:

PRIT Distribution Notice 8/1/2019

Aleesha Nunley Benjamin motion to place on file the Private Equity Vintage Year Distribution of \$144,542.88 dated 8/1/2019. Motion second by James Vieira. Motion passed by all members voting in favor.

PRIT Confirmation of Receipt of \$28,125.29 on 7/1/2019

Robert Maiocco motion to place on file the PRIT confirmation of receipt of the Private Equity Vintage Year Payment of \$28,125.29 dated 7/1/2019. Motion second by James Vieira. Motion passed by all members voting in favor.

Received a Letter to PERAC from Paul Conway, Requesting to Return to Work

Patrick Ripley motion to place on file the Letter to PERAC from Paul Conway, Requesting to Return to Work. Motion second by Robert Maiocco. Motion passed by all members voting in favor.

3 (8) (c) Reimbursement of \$11,056.14 per year to Teachers Retirement Board Towards the Retirement Allowance of Evan Katz

Aleesha Nunley Benjamin motion to place on file the 3 (8) (c) Payment to Teachers' Retirement Board of \$11,056.14 per year towards the retirement allowance of Evan Katz who retired on June 30, 2018. Motion second by Robert Maiocco. Motion passed by all members voting in favor.

3 (8) (c) Reimbursement of \$5,986.11 per year to Teachers Retirement Board Towards the Retirement Allowance of Mary Wingerath

Aleesha Nunley Benjamin motion to place on file the 3 (8) (c) Payment to Teachers' Retirement Board of \$5,986.11 per year towards the retirement allowance of Mary Wingerath who retired on June 30, 2018. Motion second by Robert Maiocco. Motion passed by all members voting in favor.

PERAC Memo # 19/ 2019 - Mandatory Retirement Board Member Training- 3rd Quarter 2019. James Vieira motion to place on file the PERAC Memo #19 / 2019 - Mandatory Retirement Board Member Training- 3rd Quarter 2019. Motion second by Patrick Ripley. Motion passed by all members voting in favor.

PERAC Memo # 20/ 2019 - Reinstatement to Service under G.L. c. 32 § 105

Robert Maiocco motion to place on file PERAC Memo # 20/ 2019 - Reinstatement to Service under G.L. c. 32 § 105. Motion second by Aleesha Nunley Benjamin. Motion passed by all members voting in favor.

Actuarial Services RFP - Sherman Actuarial contract expires on 12/31/19

Mark Minervini informed the Board that he received a draft RFP from Michael Sacco and it appears to be similar to RFP's other retirement Board have recently used. Patrick Ripley motion to place on file the Actuarial Services RFP. Motion second by Aleesha Nunley Benjamin. Motion passed by all members voting in favor.

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Mass Retirees Data Request

Mass Retirees requested Addresses, Phone and Email Addresses of retirees and survivors who Retired past 5 years. James Vieira motion to release requested information to Mass Retirees based on the amended public records law (section 4 and 10, Chapter 121, Acts of 2016). Motion second by Aleesha Nunley Benjamin Motion passed by all members voting in favor.

Malden Retirement Investment Return

This information was requested by Aleesha Nunley-Benjamin during the June 2019 Board meeting. Mark Minervini received and distributed Malden's Annual Statement Schedules 6 and 7 along with PERAC's report of Malden's investment returns and asset allocations. Robert Maiocco indicated that he reviewed the information and feels that Malden's manager is making a huge bet on high risk.

James Vieira motion to place Malden's Annual Statement schedules 6&7 and PERAC's report of Malden's returns and asset allocations on file. Motion second by Patrick Ripley Motion passed by all members voting in favor.

PERAC Accidental Death Benefit Payment Approval for Carol Casella, Survivor of George Casella

Patrick Ripley motion to place on file the PERAC Accidental Death Benefit Payment Approval for Carol Casella (Survivor of George Casella). Motion second by Aleesha Nunley Benjamin. Motion passed by all members voting in favor.

Communication from David Kornwitz, Chairman Wellesley Retirement Board to Aleesha Nunley-Benjamin Regarding Other Post-Employment Benefit Liabilities

Rick Jordan suggests that Aleesha Nunley-Benjamin talk with the Mayor or Chief of Staff and said that this is a subject for PEC. Rick Jordan indicated that he spoke with Mass Retirees and found that David Kornwitz is retired from the company and that the proposed plan has not been approved by the State, that it does not meet the criteria. Patrick Ripley said he feels this could be a conflict of interest and David Kornwitz should pitch to the City or PEC and that he is all for listing, but not here. James Vieira said that David Kornwitz is in line with Wellesley, not Medford, maybe he can provide a presentation at MACRS?

Email from Scott Driscoll – Follow-up from Robert Maiocco's Question Last Board Meeting Regarding YTD Performance as of 9/30/2018

Robert Maiocco motion to place on file the Email from Scott Driscoll Regarding YTD Performance as of 9/30/2018. Motion second by Patrick Ripley. Motion passed by all members voting in favor.

6. Unfinished Business:

Website and Domain Project Status

Mark Minervini explained that a .org domain is easier to obtain than a .gov domain. Medfordretirement.org is available and the cost is approximately \$11.99/yr. for domain registration. medfordretirementsystem.org is also available, same cost. Medfordretirement.gov is available, but there's a verification process that can be involved and lengthy. The cost is \$400/yr. for domain name registration and restrictions apply. Mark Minervini also explained that retirement Boards websites in Massachusetts are a mix of .org and .gov and suggests that the Board secure both .org names available. The Board can secure a .gov domain in the future if they desire and transfer the website from .org to .gov domain. Mark Minervini also explained that that website design and hosting does not fall under 23B (RFP is not mandatory), however, recommends the Board undertake a selection process that targets website designers and seek proposals. Rick Jordan said to continue to research company's and get proposals.

Patrick Ripley motions to purchase both medfordretirement.org and medfordretirementsystem.org names. Aleesha Nunley-Benjamin seconds the motion. Motion passed by all members voting in favor.

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Joseph Albano, III Medical Panel Results Received

James Vieira motion to approve Joseph Albano, III Accidental Disability Retirement based on the results of the medical panel. Motion second by Aleesha Nunley Benjamin. Motion passed by all members voting in favor.

Membership for Carol Powers pending review of Benefits Coordinator job descriptions:

Carol Powers	City	Benefits Coordinator	5/6/2019	Full Time
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Benefits Coordinator Position

Review of job description and determine if the position is eligible for retirement membership.

James Vieira motion to approve Benefits Coordinator Position as an eligible position for system membership. Motion second by Robert Maiocco. Motion passed by all members voting in favor.

7. New Business

New Members:

Name	Unit	Position	Hire Date	FT/PT
Haylie Brogan	City	Senior Clerk in Voters Office	7/1/2019	Full Time

Motion by Aleesha Nunley Benjamin to accept Haylie Brogan for membership. Motion second by Patrick Ripley. Motion passed by all members voting in favor.

New Retirees:

Name	Unit	Option	Retirement Date
John Ghilain	City	Superannuation Option B	7/31/2019

Motion by Patrick Ripley to approve Superannuation Option B retirement for John Ghilain as mentioned above. Motion second by Aleesha Nunley Benjamin. Motion passed by all members voting in favor.

Buybacks:

Name	Current Position	Cost	Service
Anne Marie Kelly*	Assistant to the Mayor	\$52,940.34	7 Yrs, 3 Months

*Purchasing service from The State Board of Retirement. Liability acceptance letter received on July 16, 2019

Motion by Aleesha Nunley Benjamin to approve the buyback application for Anne Marie Kelly. Motion second by James Vieira. Motion passed by all members voting in favor.

8. Executive Session

N/A

9. Adjournment

Next meeting scheduled for Thursday 8/29/2019 at 9:30am in room 201

Robert Maiocco motioned to adjourn meeting. Motion second by Patrick Ripley. Motion passed by all members voting in favor.

A true Record by: Mark Minervini On 7-29-2019
Mark Minervini

Rick Jordan [Signature] Chairman Aleesha Nunley Benjamin [Signature] Ex-Officio

James Vieira [Signature] Patrick H. Ripley [Signature]

Robert Maiocco [Signature]

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Attest: _____
Notary Public for the State of _____

Notary Public for the State of _____

Notary Public for the State of _____

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