

310

**MINUTES OF THE MEDFORD RETIREMENT BOARD MEETING HELD on
1-26-2022 at 9:30am in room 201 at Medford City Hall**

1. 9:30am Call meeting to order.

Roll Call: Patrick Ripley "PRESENT", Robert Maiocco "PRESENT", William Fowler "PRESENT", James Vieira "PRESENT", Rick Jordan "PRESENT"

Absent:

Others Present: Mark Minervini

Doug Moseley from NEPC

Robert Maiocco motion to suspend order of business. Motion second by William Fowler Motion passed by all voting in favor.

Doug Moseley from NEPC provided a market update and reviewed the fund performance as of 12/31/2021. Mr. Moseley distributed NEPC's handouts and provided a market update for December 2021, QTD and YTD. Discussion about inflation and comparison between 2021 and 2022. Discussion about tapering and federal reserve total assets, debt as compared to 2009 and the effects on pumping liquidity into the market. The fund performance was reviewed indicating that the funds market value as of 12/31/2022 was \$259M. Fixed income, equity, private equity, real estate and hedge fund performance reviewed for current month, prior month, prior quarter, and prior 1,3,5,7,10 and 15 years. Discussion about private equity, returns were 68.3% prior 12 months and as a result, the % of portfolio is now 12.9% and the policy is 7%. Discussion about adjusting policy. Rick Jordan asked about policy for PRIM Private Equity, we are at 12.9% and the policy is 7%, and asked Mr. Moseley if he would choose to reduce or increase policy? Mr. Moseley said he is happy with 10 – 12%, but if we adjust policy, we need to determine where we take it from and NEPC plans to review policy at the next Board meeting. Mr. Moseley said we need to look at uncalled capital in making that decision. There was more detailed discussion about private equity uncalled capital. Additional discussion about inflation and impact on TIPS.

Doug Moseley presented the search book for the Global Multisector Fixed Income manager. The search was completed to comply with PERAC's 7-year rule. Mr. Moseley continued, informing the Board that the target fund strategy is Global Multisector Fixed Income and Mandate: \$20 million. The Advertised requirements for the search:

1. Candidates must have familiarity with and agree to comply (in writing) with Massachusetts G.L. Chapter 32 and Chapter 176 of the Acts of 2011. Additionally, candidates must have familiarity and agree to comply with the reporting and investment guidelines administered by PERAC.
2. Candidates must have at least \$500 million in assets in the fund that is being suggested
3. Fund must have a track record of at least 5 years
4. Fund strategy must be in a pooled vehicle (Commingled or mutual fund)
5. Fund liquidity must be daily or monthly

Responses were due by November 16, 2021 at 2:00 PM EST. Mr. Moseley said there were 17 respondents including Loomis. 12 respondents were eliminated because the investment vehicle didn't meet the criteria. The following 5 respondents were reviewed in detail.

Loomis Sayles
Manulife
Lord Abbett
Brandywine Asset Management
Nueberger Berman

The firm's product summaries were reviewed and discussed. Loomis Sayles is the incumbent and identified in red.

Firm Name	Location	Year Firm Founded	Total Assets Under Mgmt (\$MM)	% Employee Owned	% Parent Owned	Parent Company Name	% Publicly Held	% Other Ownership
Global Multi-Sector Fixed Income								
Brandywine Global Investment Management LLC	Philadelphia, Pennsylvania	1986	89,387	0	100	Franklin Resources, Inc.	0	0
Loomis, Sayles & Company, L.P.	Boston, Massachusetts	1926	353,743	0	100	Natixis Investment Managers, L.P.	0	0
Lord, Abnett & Co. LLC	Jersey City, New Jersey	1929	251,643	100	0	NA	0	0
Manulife Investment Management	Toronto, Ontario	1887	627,223	0	100	Manulife Financial Corporation	0	0
Neuberger Berman Investment Advisors LLC	New York, New York	1939	437,333	100	0	NA	0	0

Firm/Product	Firm/Team Comments	Investment Style/Strategy	Performance Expectations	Portfolio Positioning
Global Multi-Sector Fixed Income				
Brandywine - GMSI	GMSI is overseen by a six-person team portfolio management team, guided by the Investment Committee.	Brandywine's approach is reversion to the mean and value driven. They bring a top-down approach, looking to countries, currencies and sectors that are undervalued relative to others and their history.	Brandywine seeks to provide a return between Investment Grade and High Yield with good risk-adjusted numbers driven by their allocation process and supported by the fundamental research. They are broadly sector agnostic, with no home favored sector or country.	GMSI will primarily be driven by sector rotation complemented by duration management as a both an alpha and risk management tool.
Loomis Sayles - Multisector FD	Product is managed by the Full Discretion portfolio management team consisting of Matt Egan and Elaine Stokes	Multisector Full Discretion is a best-ideas strategy across the Loomis fixed income research platform; product has a heavy tilt towards corporate bonds, both investment grade, and high yield, US and International	Strategy will lag during credit bear markets, but will perform well during periods of spread tightening	High yielding, return seeking, credit-oriented strategy; will hold hybrid securities such as convertible bonds and preferred equity
Lord-Abnett-Lord Multi-Sector Bond	Managed by a team of six portfolio managers, with support from 24 analysts across various sectors	Lord-Abnett's Multi-Sector investment process combines bottom-up and top-down analysis. The team develops a macroeconomic outlook and strategic positioning.	Strategy invests across high yield, investment grade and select equity securities can generate high levels of income and capital appreciation	The portfolio is actively managed with ongoing implementation of security selection, sector rotation, relative value assessment and overall risk management
Manulife - Strategic FI	Managed by a team of three portfolio managers, with support from the various sector teams	Strategic Fixed Income is a top-down global fixed income and currency strategy; the strategy's Asia footprint is a differentiator for Manulife	Expect performance to lag during credit bear markets and at times be less directional due to currency positions	High yielding, return seeking fixed income strategy with an emphasis on credit and currency. Duration will typically be lower than the benchmark
Neuberger Berman - Strategic Income	The Multi-Sector team leverages NB's other sector teams including Global Investment and Non-Investment Grade, Emerging Markets Debt, and Municipal Bond team	The Multi-Sector Fixed Income team works collaboratively with the sector specialist teams to allocate to Neuberger Berman fixed income strategies using a proprietary asset allocation framework.	The strategy seeks to maximize income with a secondary objective of long-term capital appreciation.	The strategy typically maintains exposure to core, investment grade securities and makes tactical shifts into higher income generating sectors.

Mr. Moseley said that all the firms use high yield bonds and that we should look at the duration which is a measure of interest rate risk. There was a discussion about hedging and shorting and how that strategy will not fit with our fund. There was a discussion about liquidity and Mr. Moseley said that all respondents trade daily. The fees were discussed and compared and it was pointed out that Loomis reduced their fees which appears to be an effort to retain the business.

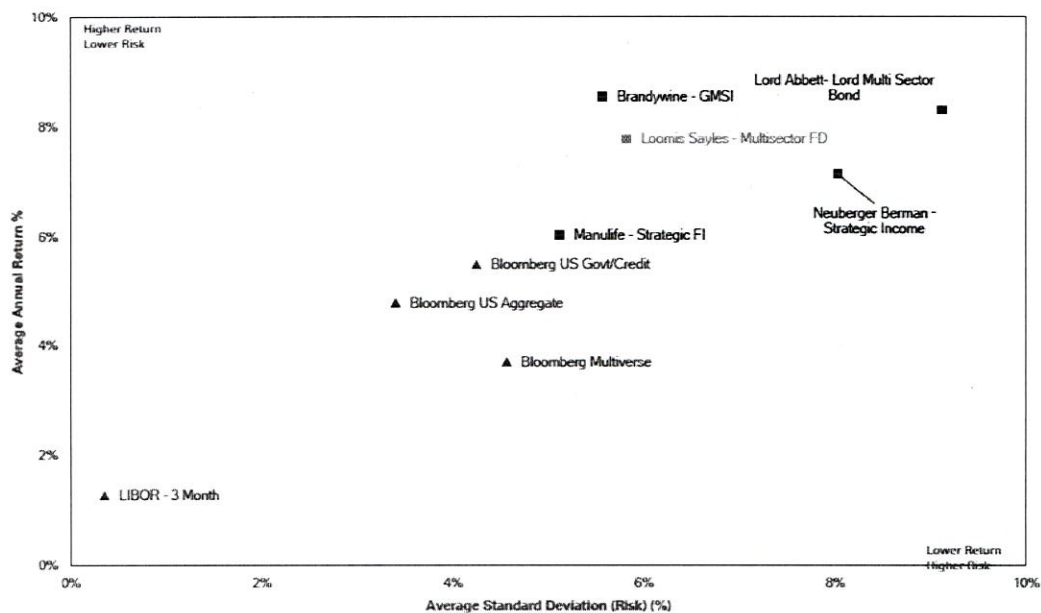
Firm/Product	Vehicle Proposed	Liquidity In	Liquidity Out	Client Fee for \$20.00 mm	Reported Fee (bps)
Global Multi-Sector Fixed Income					
Brandywine - GMSI	Commingled Fund	Daily	Daily	90,000.00	45
Loomis Sayles - Multisector FD	Commingled Fund	Daily	Daily	90,000.00	45*
Lord-Abnett-Lord Multi-Sector Bond	Mutual Fund	Daily	Daily	102,000.00	51
Manulife - Strategic FI	Commingled Fund	Daily	Daily	78,000.00	39
Neuberger Berman NB Strategic Income	Mutual Fund	Daily	Daily	100,000.00	50

*Loomis Sayles is proposing a reduction in the current fee schedule to 45 basis point on all assets. Loomis Sayles' current fee schedule is 57 bps on first \$15M, 45 bps on next \$15M, and 30 bps on balance.

There was a detailed discussion about risk/returns. Lord Abnett done well with high yield. Manulife has the lowest fee, but also the lowest return, because of this they were ruled out. Neuberger Berman had lower returns with a high risk compared to the other respondents. There was a discussion about interest rate derivatives, and Neuberger was ruled out. Mr. Moseley said that Brandywine and

Loomis are similar. More discussion about risk/return and although Lord Abbett had high returns, they were ruled out because of the higher risk.

3 YEAR TOTAL RISK/RETURNS COMPARISON



Discussion about Loomis. The Board agreed that we are familiar with Loomis and they have done a great job. Rick Jordan said Loomis is doing well and feels Loomis would be a good fit. There was a discussion about having reviews. James Vieira said that considering the times (covid) and that Loomis has performed well, don't feel we need reviews. Doug Moseley said NEPC recommends Loomis. Robert Maiocco said the fees and returns look very good and said he wouldn't change.

James Vieira motion to Motion to retain Loomis Multi Sector Full Discretion account. Motion second by Robert Maiocco. Motion passed by all voting in favor.

On the motion, Patrick Ripley said that was an excellent review and has no problem with our selection.

Robert Maiocco pointed out that the management fee page in the presentation needs to be updated. Mr. Moseley said that page will be updated in next month's presentation.

Mr. Moseley left the meeting.

Patrick Ripley motion to return to normal order of business. Motion second by William Fowler Motion passed by all voting in favor.

2. Reading of notice & certificate – Meeting Notice Posted on 1/20/2022
William Fowler motion to place on file the Board meeting notice and certificate that was posted on January 20, 2022. Motion second by Robert Maiocco. Motion passed by all voting in favor.
3. Reading of Previous Meeting by Secretary
William Fowler motion to waive reading of previous meeting by secretary. Motion second by Patrick Ripley. Motion passed by all voting in favor.
4. Vote to approve the minutes of the Board meeting held on December 30, 2021

James Vieira motion to approve the minutes of the Board meeting held on December 30, 2021. Motion second by William Fowler. Motion passed by all voting in favor.

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

Warrant S4

People's Bank - Custodial Services November 2021	\$4,253.32
Law Offices of Michael Sacco - Services for December 2021	\$367.00
Morgan Records - Services for December 2021	\$21.00
Mark Minervini - Reimbursement Vast Conf Callo & Go To Meeting	\$42.86
Toshiba - Copies	\$30.31
Toshiba - Monthly Lease Payment	\$120.50
MACRS treasurer - 2022 MACRS Dues	\$600.00
Somerville retirement - 3(8)(c)	\$2,922.78
Greenfield retirement - 3(8)(c)	\$6,538.05
Lawrence Retirement Board - 3(8)(c)	\$7,663.78
Revere Retirement Board - 3(8)(c)	\$4,104.08
Franklin Regional Retirement Systems - 3(8)(c)	\$2,242.70
Middlesex County Retirement Systems - 3(8)(c)	\$22,668.91
Lowell Retirement Systems - 3(8)(c)	\$10,173.57
Reading Retirement Systems - 3(8)(c)	\$4,979.00
Ready Refresh - Office Water	\$35.94
ProShred	\$36.75
RhumblLine - TIPS Management Fee 4Q2021	\$1,507.00
RhumblLine - SP 500 Management Fee 4Q2021	\$5,732.00
RhumblLine - SP 400 Management Fee 4Q2021	\$919.00
Garcia Hamilton & Assoc - Management Fee 4Q2021	\$16,968.50
Loomis - 4Q2021 Management Fee	\$27,046.41
Staff Salaries	4,750.53
Medicare	-
Massachusetts SUI	-
MA Health Ins/EMAC	-
Harpers Payroll Fee	-
Expense Total	\$123,723.99
Pension	1,542,231.90
Annuity	335,066.49
COLA	-
Retiree Payroll Total	1,877,298.39
Warrant SS4 Total	\$2,001,022.38
Prior Warrants	
Schedule 1	4,910.97
Schedule 2	4,910.75
Schedule 3	7,073.26
Reference Total	16,894.98
Grand Total Warrant SS4 with Prior Warrants	2,017,917.36

A motion was made by Patrick Ripley and second by William Fowler to approve all bills, transfers, refunds, staff payrolls and retirement payroll listed above on schedules S1, S2, S2 and S4. Motion passed by all voting in favor.

6. Report of Chairman:

Letter of Direction to RhumblLine Dated 1/19/2022

William Fowler motion to approve the letter of direction to RhumblLine dated 1/19/2022, instructing RhumblLine to transfer \$850,000 from the TIPS Account on the next trade date and wire the funds to People's Bank. Motion second by James Vieira Motion passed by all voting in favor

Letter of Direction to Loomis Sayles Dated 1/19/2021

Patrick Ripley motion to approve the letter of direction to Rhumblin dated 1/19/2022, instructing Loomis Sayles to transfer \$850,000 from the Multi-sector Full Discretion account on the next trade date and wire the funds to People's Bank. Motion second by James Vieira Motion passed by all voting in favor.

Wire Transmittal Letter Dated 1/21/2022 Transferring \$1,650,000 From People's Bank to Brookline Bank.

William Fowler motion to approve the Wire Transmittal Letter Dated 1/21/2022 Transferring \$1,650,000 from People's Bank to Brookline Bank. This wire transfer was completed on 1/21/2022 by Mark Minervini to fund January 2022 expenses and pension payroll. Motion second by Robert Maiocco. Motion passed by all voting in favor.

PRIT Confirmation Notice Dated 1/3/2022

William Fowler motion to place on file the PRIT Confirmation Notice Dated 1/3/2022 Notifying the Board that a Private Equity Vintage Year Program redemption of \$276,231.09 was wired to People's Bank on 1/3/2022. Motion second by Robert Maiocco. Motion passed by all voting in favor.

PRIT Distribution Notice Dated 2/1/2022

Patrick Ripley motion to place on file the PRIT Private Equity Vintage Year distribution notice notifying the Board that a distribution of \$338,365.87 will be wired to People's Bank 2/1/2022. Motion second by William Fowler. Motion passed by all voting in favor.

PERAC Memo #1-2022 – Fraud Attempt

Mark Minervini informed the Board that a letter along with a copy of PERAC memo #1-2022 has been sent to all the managers, Peoples Bank and NEPC. The letter instructs the managers to confirm withdrawals with a phone call, using the phone number they have on file with our account. In addition, the letter instructs the manager to wire withdrawals to the People's Bank account on file. Each manager confirmed receipt of the letter.

James Vieira motion to place on file PERAC Memo #1-2022 – Fraud Attempt. Motion second by William Fowler Motion passed by all voting in favor.

PERAC Memo #2-2022 – 2022 Limits under Chapter 46 of the Acts of 2002

James Vieira motion to place on file PERAC Memo #2-2022 - 2022 Limits under Chapter 46 of the Acts of 2002. Motion second by Robert Maiocco Motion passed by all voting in favor.

PERAC Memo #3-2022 – 2022 Limits under Section 23 of Chapter 131 of the Acts of 2010

James Vieira motion to place on file PERAC Memo #3-2022 – 2022 Limits under Section 23 of Chapter 131 of the Acts of 2010. Motion second by Patrick Ripley Motion passed by all voting in favor.

PERAC Memo #4-2022 – COLA Notice

There was a discussion about cola and inflation and that social security issued a 5.9% cola this year. Robert Maiocco confirmed that he got a big cola on his social security. Rick Jordan said that Mass Retirees is working to increase cola base and said our cola base is currently \$16k, and the maximum is \$18k. James Vieira said he proposes that we deal with the cola base, retirees are on a fixed income and hurting now with the high inflation. Our returns have been good and we are making good money now. James Vieira motions that we increase the cola base to \$18k with a 3% cola. Motion second by Patrick Ripley.

On the motion Patrick Ripley asked who pays for the cola, is it built into the appropriation? Rick Jordan answered yes. Robert Maiocco asked if the cola is for FY2023? Rick Jordan answered yes, and we made concessions in the past. Robert Maiocco asked how much is the monthly cola? Mark Minervini answered

approximately \$20k month, \$240k/year at 3% with a \$16k base. With an \$18k base, the retirees with a base of \$18k would receive an additional \$5 per month (\$60 per year) over the \$16k base. Mark Minervini explained that not all retirees will hit the \$18k base. Robert Maiocco asked how many are above \$18k? Mark Minervini said he can create a report and provide it to the Board. James Vieira said that Mass Retirees is working to increase the percentage to over 3%, if there's an increase can we go and change? Rick Jordan said we have to wait but feels that Mass Retirees would propose language. Rick Jordan said we need to send a letter to City Council about the 3% cola and base increase. Rick Jordan asked, vote to approve as presented. Motion passed by all voting in favor.

Robert Maiocco asked about full disclosure? Mr. Maiocco continued and said, full public disclosure that I'm a retiree and will receive the benefit of the COLA base increase. Discussion about disclosure continued and Rick Jordan said we can use the rules of necessity – we need to vote if the retirees will receive a cola. Robert Maiocco said he will talk with our attorney and confirm.

James Vieira motion to place on file PERAC Memo #4-2022 – COLA Notice. Motion second by William Fowler Motion passed by all voting in favor.

PERAC Memo #4a-2022 – Clarification of Previous COLA Notice Memo

William Fowler motion to place on file PERAC Memo #4a-2022 – Clarification of Previous COLA Notice Memo. Motion second by Robert Maiocco Motion passed by all voting in favor.

PERAC Memo #5-2022 – 2022 Interest Rate set to 0.1%

William Fowler motion to place on file PERAC Memo #5-2022 – 2022 Interest Rate set to 0.1%. Motion second by James Vieira Motion passed by all voting in favor.

PERAC Memo #6-2022 – Mandatory Retirement Board Member Training – 1st Quarter 2022

James Vieira motion to place on file PERAC Memo #6-2022 – Mandatory Retirement Board Member Training – 1st Quarter 2022. Motion second by William Fowler Motion passed by all voting in favor.

On the motion, Patrick Ripley said he took the class on recent cases and it was very interesting. They talked about a cancer presumption case that was filed 8 years after retirement.

PERAC Memo #7-2022 – Buyback and Make-up Repayment Worksheets

William Fowler motion to place on file PERAC Memo #7-2022 – Buyback and Make-up Repayment Worksheets. Motion second by Patrick Ripley Motion passed by all voting in favor.

November 2021 Accounting Submitted to PERAC

Robert Maiocco motion to place on file that the November 2021 Accounting Submitted to PERAC. Motion second by Patrick Ripley Motion passed by all voting in favor.

7. Unfinished Business

Jospeh Byrnes Accidental Disability Application

The medical panel results have been received and uploaded to Dropbox. Patrick Ripley said he read the results and it looks good. Well documented with a history of injuries. I'm ok with moving forward.

Patrick Ripley motion to approve Joseph Byrne's accidental disability based on the medical panel results. Motion second by James Vieira Motion passed by all voting in favor.

8. New Business

New Employees:

<u>Name</u>	<u>Unit</u>	<u>Position</u>	<u>Hire Date</u>	<u>FT/PT</u>
Cullen Flynn	SCH	Reengagement Specialist	7/1/2021	Full Time
Sara Hatfield	SCH	Nurse	9/8/2021	Full Time
Eunyoung Ryu	SCH	Paraprofessional	8/30/2021	Full Time
Kelsey LoDuca	SCH	Reengagement Specialist	9/27/2021	Full Time
Antonio Aluia	CTY	MEO I/Laborer	8/16/2021	Full Time
Amanda Mannke	CTY	Student Officer	7/18/2021	Full-time
Tiziana Savoca	SCH	Kid's Corner Assist Teacher	8/30/2021	Full-time

William Fowler motion to approve membership for the employees listed above.
Motion second by Robert Maiocco Motion passed by all voting in favor.

Delay in Receiving Enrollment Applications

Rick Jordan said he spoke with Mark Minervini about a large number of school enrollments on last month's agenda and a big difference between the hire date and when they are reported to Board as new enrollments. Patrick Ripley said he noticed that too and one of the enrollments went back to 2020. Mark Minervini said this continues to be an ongoing problem with the school. There are significant delays receiving enrollment forms and information needed to calculate retirements from the school. Mark informed the Board that he communicated with Michael Sacco and Mr. Sacco said we have the option to invoke Section 18(1) - employees are required to submit their completed enrollment application within 30 days. If not received, a letter can be sent to the Treasurer and department, and upon receipt of the letter, the employee is to be suspended without pay until they submit a completed enrollment form. Mark explained that he created a new document in an effort to get the complete enrollment forms and can add language from Section 18(1) to the letter. Mark also explained that new employees continue to be added to the school payroll deduction batch without notifying us. We requested school HR to forward an appointment letter and/or payroll input sheet when new employees are paid, this way we have the information to setup a complete member record in the database before importing the batch. Not having this information disrupts the batch posting process and requires us to delete the batch, create an incomplete member record, and import the same batch again. This not only creates duplicate work, but we now have many incomplete member records in the database with no contact information. William Fowler said he experienced similar problems with school systems in other towns and agrees with adding the language. James Vieira said to send the letter to the school HR department and cc the superintendent. Rick Jordan agrees with notifying the school HR department and superintendent, we need the enrollment information.

Retirements:

<u>Name</u>	<u>Unit</u>	<u>Option</u>	<u>Retirement Date</u>
James Giarrizzo	CTY	Superannuation Option C	2/1/2022
Paula Keefe	CTY	Superannuation Option A	1/27/2022
Patricia Wright	CTY	Superannuation Option A	1/28/2022

Patrick Ripley motion to approve retirement listed above. Motion second by James Vieira Motion passed by all voting in favor.

9. Executive Session

N/A

10. Adjournment

Next meeting scheduled for Thursday, February 24, 2022 at 9:30am

James Vieira motioned to adjourn meeting. Motion second by William Fowler.
Motion passed by all members voting in favor.

A true Record by: Mark Minervini On 1-26-2021
Mark Minervini

Rick Jordan Absent
Chairman

William Fowler

Wm Fowler
Ex-Officio

James Vieira

James Vieira

Patrick H. Ripley

Patrick H. Ripley

Robert Maiocco

Robert Maiocco