

**MINUTES OF THE MEDFORD RETIREMENT BOARD MEETING HELD on
5-31-2022 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", Bob Dickinson "PRESENT", Rick Jordan "PRESENT", James Vieira "PRESENT"

Absent:

Others Present: Mark Minervini

9:30am Hearing: Chief John Freedman, Frank Cappuccio

11:00am: Scott Driscoll from NEPC

Patrick Ripley motion to suspend order of business for hearing Chief Freedman and Mr. Cappuccio. Motion second by Robert Maiocco Motion passed by all voting in favor

Frank Cappuccio distributed a letter addressed to the "Retirement Board Members" notifying the Board that he is withdrawing his appeal for an involuntary disability retirement hearing. Chairman Rick Jordan asked Frank Cappuccio or Chief John Freedman if they would like to make a statement. Patrick Ripley requested a copy of Chapter 32, section 16. Mr. Cappuccio asked if the retirement Board can give anymore time? Rick Jordan said that the paperwork is in order and your doctor said you are at an end point. Mr. Cappuccio said he is healthy, 55 and doesn't want to end his career. Other employees are given 2 years to recover and feels he could benefit from more time to recover. Service restoration can take up to 2 years. Former Chief gave other members 2 – 3 years time to recover and I got 10 months injured and 9 months after surgery. I don't know what powers the Board has, I don't want to retire, but will go along with this. Patrick Ripley said your information comes to us, we review it, discuss it and make a decision. MGL Chapter 32, section 16 allows the Chief to submit your application, but section 16 also reads *"If the board finds that such member should not be retired, he shall continue in his office or position without loss of compensation, subject to the provisions of sections one to twenty-eight inclusive, as though no such application had been made."* This means that the Board, after looking at all the records, can decide on what to do with this particular member. I.e., does the Board agree with the assessment or does the member need a little more time to recover, or retire. So, your reference that other employees went way beyond, this process that the Chief started, it's not that the Chief is giving extra time, but the process can be delayed. James Vieira said everyone is treated on merits – someone could have been out 1 year and then something happened, and time was stretched to 2 years and then went back to work, or someone may have retired after 6 months – so saying that other people had more time is a poor point of reference. We are going to treat you fairly and look at the application and doctor reports. Rick Jordan said that since you withdrew your appeal, this is not a hearing – we are letting you speak and listening to your grievance. Chief Freedman said that the way this continued over time, all the initial diagnosis and treatments came back as good, then all of a sudden, the report said unknown, so that caused me to engage. As a Chief what am I required to do? How long do I let this go on? So, I sent the questioner to the doctor and got answers – the doctor said it is not safe for Mr. Cappuccio to return to work as a Firefighter. One of the questions asked, does it make sense to file for retirement? The doctor said yes. That's when the paperwork was filed. The last report in May said minimal progress to, may improve at a later time but unlikely – so the prognosis went from bad to worse. Rick Jordan said we have a completed retirement application in front of us and a doctor report with a statement that he reached an end point, and the Board is required to act. Rick Jordan said that Mr. Cappuccio contacted him a couple weeks ago and I explained the process and what we are required to do and our authority. The Chief filed for involuntary, and the paperwork is in order and the doctor report says you are at an end point. Patrick Ripley said that the process is: the Board reviews and votes to accept the application – we are a review process – we review the application for time, date and incident and doctors recommendation. If the Board accepts the application, everything then goes to PERAC and they make the final decision. If the Board ok's everything, PERAC takes it from there – we don't grant a disability retirement – we are part of the process – PERAC makes the final determination. Additional discussion about the disability

process. James Vieira asked Mr. Cappuccio if he is satisfied with the dialog today. Mr. Cappuccio answered yes. Rick Jordan thanked Chief Freedman and Mr. Cappuccio and said the Board will vote on a decision.

10:45: Chief Freedman and Mr. Cappuccio left the meeting.

Rick Jordan asked if anyone has any questions? James Vieira said the dialog was very good and he respects the Chief's decision. The lieutenant understands and still kept the letter in effect. I feel the procedure went well.

Robert Maiocco motion to accept the involuntary application for Frank Cappuccio and convene a medical panel.

Patrick Ripley on the motion: Lieutenant Cappuccio called me and we talked about section 16. I don't tell him what to do – you need to do what's best for you. We have time, date incident and the doctors report. I'm pleased with the decision.

Motion second by James Vieira. Motion passed by all voting in favor.

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

2. Reading of notice & certificate – Meeting Notice Posted on May 11, 2022
James Vieira motion to place on file the Board meeting notice and certificate that was posted on May 11, 2022. Motion second by Robert Maiocco. Motion passed by all voting in favor.
3. Reading of Previous Meeting by Secretary
James Vieira motion to waive reading of previous meeting by secretary. Motion second by Robert Maiocco Motion passed by all voting in favor.
4. Vote to approve the minutes of the Board meeting held on April 28, 2022
Robert Maiocco motion to approve the minutes of the Board meeting held on April 28, 2022. Motion second by James Vieira. Motion passed by all voting in favor.
5. Bills, Communications, Refunds, Transfers, Payrolls, Etc.

Warrant S22

M&T Bank - March 2022	\$4,287.02
M&T Bank - April 2022	\$4,112.82
Morgan Records - May 2022	\$22.05
Law Offices of Michael Sacco - April 2022	\$746.00
Sherman Actuarial Services - 1/1/22 Actuarial Valuation - continued work	\$2,000.00
Mark Minervini - Reimbursement April 2022 Vast Conference and GoToMeeting	\$41.80
Barnstable County Retirement Association - 3(8)(c) Payment	\$27,250.47
Andover Retirement Board - Transfer Michele Bissell: 25 years 2 months of service	\$114,805.69
MTRS - Transfer Kayla Giovino: 9 months service	\$1,194.68
MTRS - Transfer Adam Ciampi: 1 year 10 months of service	\$3,738.06
MTRS - Transfer Paul Williams: 10 months of service	\$1,309.92
State Retirement Board - Transfer Kathleen Rolli: 12 years 1 month of service	\$54,545.93
Michael Durham - Refund of Military Service Purchase (Terminated with Incomplete Buyback)	\$16,562.00
Roselli, Clark & Associates - 2021 Audit	\$9,000.00
Proshred - April 2022	\$36.75
Toshiba - April 2022	\$120.50
Staff Salaries	4,750.53
Medicare	-
Massachusetts SUI	-

MA Health Ins/EMAC	-
Harpers Payroll Fee	-
Expense Total	\$244,524.22
Pension	1,584,160.73
Annuity	352,775.84
COLA	-
Retiree Payroll Total	1,936,936.57
Warrant S22 Total	\$2,181,460.79
Prior Warrants	
Schedule 18	5,614.42
Schedule 19	6,528.96
Schedule 20	7,006.67
Schedule 21	4,858.09
Reference Total	24,008.14
Grand Total Warrant S22 with Prior Warrants	\$2,205,468.93

A motion was made by James Vieira and second by Robert Maiocco to approve all bills, transfers, refunds, staff payrolls and retirement payroll listed above on schedules S18, S19, S20, S21 and S22. Motion passed by all voting in favor.

6. Report of Chairman:

Letter of Direction to Rhumblin Dated 5/10/2022

Robert Maiocco motion to approve the letter of direction to Rhumblin dated 5/10/2022, instructing Rhumblin to transfer \$1,600,000 from the TIPS Account on the next trade date and wire the funds to People's Bank. Motion second by Patrick Ripley Motion passed by all voting in favor.

Wire Transmittal Letter Dated 5/18/2022 Transferring \$1,700,000 From People's Bank to Brookline Bank.

Robert Maiocco motion to approve the Wire Transmittal Letter Dated 5/18/2022 Transferring \$1,700,000 from People's Bank to Brookline Bank. This wire transfer was completed on 5/18/2022 by Mark Minervini to fund May 2022 expenses and pension payroll. Motion second by Patrick Ripley. Motion passed by all members voting in favor.

PRIT Confirmation Notice Dated 5/2/2022

James Vieira motion to place on file the PRIT Confirmation Notice Dated 5/2/2022 Notifying the Board that a Private Equity Vintage Year Program payment of \$41,771.60 was received by PRIM on 5/2/2022. Motion second by Robert Maiocco. Motion passed by all members voting in favor.

PRIT Payment Due Notice Dated 6/1/2022

Patrick Ripley motion to place on file PRIT Private Equity Vintage Year payment due notice notifying the Board that a payment of \$95,981.97 is due 6/1/2022. Motion second by Robert Maiocco. Motion passed by all members voting in favor.

February and March 2022 Accounting Submitted to PERAC

Patrick Ripley motion to place on file February and March 2022 Accounting Submitted to PERAC. Motion second by Robert Maiocco. Motion passed by all members voting in favor.

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Middlesex District Attorney Provided Information Regarding Mr. Frederick Donehey Jr.

Patrick Ripley motion to place on file letter from Middlesex District Attorney Provided Information Regarding Mr. Frederick Donehey Jr. Motion second by Robert Maiocco. Motion passed by all members voting in favor.

Audit Report from Roselli, Clark and Associates for Year End 12/31/2021

Patrick Ripley motion to approve the Audit Report from Roselli, Clark and Associates for Year End 12/31/2021. Motion second by Robert Maiocco. Motion passed by all members voting in favor.

Board Communication Letter from Roselli, Clark and Associates for Audit Year End 12/31/2021

James Vieira motion to approve the Board Communication Letter from Roselli, Clark and Associates for Audit Year End 12/31/2021. Motion second by Robert Maiocco. Motion passed by all members voting in favor.

Management Representation Letter to Roselli, Clark and Associates for Audit Year End 12/31/2021

James Vieira motion to approve the Management Representation Letter to Roselli, Clark and Associates for Audit Year End 12/31/2021. Motion second by Robert Maiocco. Motion passed by all members voting in favor.

PERAC Approval of COLA Base Increase to \$18,000

James Vieira motion to place on file PERAC's letter approving COLA Base Increase to \$18,000. Motion second by Robert Maiocco. Motion passed by all members voting in favor.

PERAC Memo #12 /2022 – Forfeiture of Retirement Allowance for Dereliction of Duty by Members

Patrick Ripley motion to place on file PERAC Memo #12 /2022 – Forfeiture of Retirement Allowance for Dereliction of Duty by Members. Motion second by Robert Maiocco. Motion passed by all members voting in favor.

11:00am Scott Driscoll from NEPC joined the meeting.

Scott Driscoll distributed NEPC's handout dated May 31, 2022. Discussion about the Russell Index Value Manager search. Responses were due May 20, 2022 and the requirements were:

- 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.
- Product must have assets under management of at least \$500 million
- Minimum track record of at least five years
- Product vehicle must be a pooled vehicle (commingled or mutual fund)

Mr. Driscoll informed the Board that Rhumbline is the only vendor to respond to the RFP and there is no need to re-bid for passive assets. Mr. Driscoll provided a summary of the product offered indicating that the fee structure is 4bps, same fee structure for all strategies Rhumbline manages for Medford (SP500 and SP400). Fee estimate is \$8,000/yr with \$20M mandate. Discussion about returns. Discussion about Rhumbline holding \$93B in assets and the product proposed. Mr. Driscoll said NEPC recommendation is to move forward with Rhumbline, they are a great organization and has been managing assets for Medford and other Massachusetts Retirement Boards for a long time. Target allocation targets reviewed and discussed reducing large cap exposure and timing when the appropriation will be received.

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Rick Jordan asked if anyone has any questions?

Robert Maiocco motion to hire Rhumblin for Russell 1000 Index Value Manager. Motion second by Patrick Ripley Motion passed by all voting in favor.

Additional discussion about when the appropriation will be received for rebalancing. Mr. Driscoll provided a market update through April 30, 2022 indicating that 5/31 will be different due to turbulent markets. Equity, credit and fixed income reviewed for prior month, YTD, 1,3,5 and 10 years indicating that prior 3 – 10 yr. are still in positive territory. Discussion about inflation and the federal reserve raising rates. Discussion about growth and value equities. Mr. Driscoll reviewed the fund performance indicating that the fund's market value as of April 30, 2022 is \$234M. Fund performance reviewed for prior month and prior 1,3,5,7,10 and 15 years for equities, fixed income and emerging market debt. Discussion about Ashmore and emerging market debt and the benchmark. Ashmore has had its struggles and continues to struggle. Discussion about currency. Ashmore has been underperforming since inception about two and a half years. NEPC is recommending looking at the asset class as a whole, currently we have a 4% target. Discussion about the private debt search, eliminating TIPS, and rebalancing the portfolio.

Robert Maiocco feels we should terminate Ashmore, their performance has been disappointing. We have \$5.6M with Ashmore.

Discussion about the investment policy and Ashmore.

Robert Maiocco motion to terminate Ashmore and move the proceeds into cash.

On the motion: Patrick Ripley asked if we would reassess on 7/1? Mr. Driscoll said that next month we will reassess the target allocations and will have rebalancing recommendations. Discussion about holding 3 months cash on hand, TIPS drawdown and the private debt search. Robert Maiocco asked Mark Minervini to let the Board know the interest rate is on the cash accounts.

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

Discussion about the fund's performance as compared to the "peer" universe. Medford ranks in the top 9% relative to 590 defined benefit pension systems.

11:50am Scott Driscoll left the meeting.

7. Unfinished Business

1/1/2022 Actuarial Valuation Preliminary Results with Option E

Minutes from April 28, 2022 Board Meeting:

The funding options were reviewed, and it was determined that Option B appears to be a good selection that has the system fully funded by 2032 and slightly reduces the city's appropriation. Discussion about the increase cola cost. Mr. Sherman suggests a modified version of Option B (called Option E) keeping the FY2023 appropriation as is and FY2024 appropriation \$16.2M. Mr. Sherman said he will complete the option E and forward to Mark Minervini.

Discussion about the updated results from Dan Sherman and discussion about the appropriation and updated funding schedule.

James Vieira motion to approve a modified version of option B of the 1/1/2022 Actuarial Valuation Preliminary Results (called Option E) keeping the FY2023 appropriation as is and FY2024 appropriation \$16.2M. Motion second by Patrick Ripley. Motion passed by all members voting in favor.

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December 13, 2021 Actuarial Valuation Report GASB 67 & 68

James Vieira motion to approve the December 13, 2021 Actuarial Valuation Report GASB 67 & 68. Motion second by Robert Maiocco. Motion passed by all members voting in favor.

Received PERAC Approval for Paul Giordano Accidental Disability Calculation

Robert Maiocco motion to place on file the PERAC Approval for Paul Giordano Accidental Disability Calculation. Motion second by Patrick Ripley. Motion passed by all members voting in favor.

8. New Business

Brian Cronin Accidental Disability Application

Patrick Ripley said he knows Brian Cronin and he has a history of cancer; first throat cancer then prostate. He said he reviewed the medical records and has no issue sending into PERAC for a medical panel.

Patrick Ripley motion to convene a medical panel for Brian Cronin accidental disability application. Motion second by James Vieira. Motion passed by all members voting in favor.

New Employees:

<u>Name</u>	<u>Unit</u>	<u>Position</u>	<u>Hire Date</u>	<u>FT/PT</u>
Melanie North	SCH	Paraprofessional	4/25/2022	Full-time
Robert Lima	SCH	School Security Monitor	4/5/2022	Full-time
Octavius Rowe	CTY	Parking Clerk	5/9/2022	Full-time
Janine Randall	SCH	Coordinator of Human Resources	10/12/2021	Full-time
Lorraine Hayes	SCH	Paraprofessional	4/25/2022	Full-time
Edmilson Silva da Rocha	CTY	Parking Meter Repairperson	5/16/2022	Full-time

Patrick Ripley motion to approve membership for the employees listed above. Motion second by James Vieira. Motion passed by all members voting in favor.

Retirements:

<u>Name</u>	<u>Unit</u>	<u>Option</u>	<u>Retirement Date</u>
Paul Mochi	CTY	Superannuation Option C	5/26/2022
Maryann Cormier	SCH	Superannuation Option B	6/30/2022
John Fagone	SCH	Superannuation Option C	5/20/2022

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

9. Executive Session

N/A

10. Adjournment

Next meeting scheduled June 28, 2022 at 9:30am in City Hall Room 201.

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

A true Record by: Mark Minervini On 5-31-2022
Mark Minervini

Rick Jordan Chairman

Robert Dickinson Ex-Officio

James Vieira

Patrick H. Ripley

Robert Maiocco

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