

037

**MINUTES OF THE MEDFORD RETIREMENT BOARD MEETING HELD on
11-30-2022 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: None

Others Present: Mark Minervini

9:30am: Scott Driscoll from NEPC, Thersea Woo from Loomis and Frank Sposato from Lazard

James Vieira motion to suspend the normal order of business for Loomis, Lazard and NEPC to present. Motion second by Patrick Ripley Motion passed by all voting in favor

Frank Sposato and Robert Failla from Lazard distributed their handout dated November 30, 2022. Mr. Sposato provided a firm update informed the Board that there has been a change in the portfolio management team, that Mark Little, Managing Director is stepping back and Robin Jones, Managing Director will be leading the team. Mr. Sposato said the firm has over 900 employees in 17 countries and has \$171.2B in assets under management. Mr. Failla discussed the fund and provided a breakdown of the assets under management. Discussion about currency -value- growth. Discussion about philosophy and how they target stocks. Fund performance reviewed and compared to the MSCI EAFE index for quarter to date, year to date, past 1, 3 and 5 years and since inception indicating that Medford's market value is \$23.8M as of October 31, 2022. Discussion about international equities and value differences between international and domestic stocks. Questions about the inverted yield, China and Ukraine. Discussion about China and Covid and impact on fund. 10:00am Mr. Sposato and Mr. Failla left the meeting.

Thersea Woo from Loomis distributed her handout dated November 30, 2022 and reviewed the fixed income and small cap equity strategies. Ms. Woo provided a firm update and indicated that she has been with the firm for 17 years. Ms. Woo reviewed the firm's ESG approach and discussed their UWIN (undergraduate women's investment network). Ms. Woo began reviewing the fixed income strategy and informed the Board that the strategy is down 23% YTD and currently has \$277.5B under management and an additional \$5.5B in new business. Fixed income performance was reviewed since inception as compared to the benchmark. Ms. Woo informed the Board that Dan Fuss is taking a step back but still remains involved. The Team and resources were reviewed. Ms. Woo answered questions and a discussion about their defensive posture. Discussion about sector allocation and risk. Ms. Woo began reviewing the small cap and updated the Board with the portfolio team and discussed a couple changes in the dedicated analysts. Ms. Woo indicated that the strategy was under weight on energy early in the year and added energy during the second quarter. Questions about the dollar and currency, Robert Maiocco asked if they have a trading desk? Ms. Woo answered yes. The investment philosophy was reviewed and an overview of the strategy's YTD positives and negatives. 10:40 Ms. Woo left the meeting.

Scott Driscoll recapped the presentations highlighting Lazard's discussion about the strength of the dollar and the impact on the strategies. Discussion about Loomis fixed income strategy. Mr. Driscoll distributed NEPC's handout dated November 30, 2022 and provided a market update as of October 31, 2022. Discussion about the fed rate increase and predictions and the inverted yield curve. Discussion about private equity and policy. Mr. Driscoll said he recommends pulling back on the private equity and recommends committing \$3M to PRIM's vintage year 2023. Discussion about private equity, cash flow and performance. Discussion about how private equity is funded. Mr. Driscoll said it's funded over time. Discussion about private debt and GoldenTree.

Patrick Ripley motions to accept NEPC's recommendation and commit \$3M to PRIM Private Equity Vintage Year 2023. Motion second by Robert Maiocco Motion passed by all voting in favor.

Mr. Driscoll provided an update on the fund performance indicating that the fund's market value as of October 31, 2022 is \$224.8M. Fund performance reviewed for prior month and prior 1,3,5,7,10 and 15 years and focused on allocation and performance of equity, fixed income and private equity. The system's performance was compared to the peer universe containing 600 public pension plans (state, municipal and public) - YTD performance is in the top 17th percentile and prior year in the top 16th Percentile. Additional discussion about private equity pacing, future commitments and allocation projections. 11:45 Mr. Driscoll left the meeting.

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

2. Reading of notice & certificate – Meeting Notice Posted on 11/9/2022

James Vieira motion to place on file the Board meeting notice and certificate that was posted on November 9, 2022. Motion second by Bob Dickinson. 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 James Vieira Motion passed by all voting in favor.

4. Vote to approve the minutes of the Board meeting held on October 25, 2022

Robert Maiocco motion to approve the minutes of the Board meeting held on October 25, 2022. Motion second by Bob Dickinson. Motion passed by all voting in favor.

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

Warrant S48

Morgan Records - October 2022	\$46.39
Law Offices of Michael Sacco - October 2022	\$660.00
Mark Minervini - Reimbursement October Vast Conference and GoToMeeting	\$42.33
Belmont Retirement Board - Transfer Stephanie Wise - 9 months service	\$1,719.83
Chelsea Retirement Board - Transfer Anna Bury - 1 month service	\$535.52
State Retirement Board - Transfer Susan Weiss - 2 years service	\$17,057.91
State Retirement Board - Transfer Tyler Lavalley - 1 year 8 months service	\$12,988.94
Somerville Retirement Board - Transfer L'erin Cross - 1 month service	\$229.16
Somerville Retirement Board - Transfer Jaclyn Piques - 15 years 9 months service (2 Years 3 Months Medford)	\$110,792.75
Somerville Retirement Board - Transfer Stephanie Russell - 4 years 1 month of service	\$7,382.45
New Bedford Retirement Board - Transfer Molly Kivi - 5 months service	\$4,129.84
Olivia Martin-Spinner - Refund of deductions	\$1,046.03
IRS - A/C Olivia Martin- Spinner	\$261.51
Dennis Gianino - Refund of deductions	\$2,738.29
IRS - A/C Dennis Gianino	\$684.57
Sandra Burbine-Gale - Refund of deductions	\$5,014.22
IRS - A/C Sandra Burbine-Gale	\$1,253.56
Kingsbury Press - 1099s	\$329.86
Ready Refresh - October 2022	\$17.97
Toshiba - September 2022	\$20.59
Toshiba - October 2022	\$141.09

039

ProShred - October 2022	\$40.43
ProShred - November 2022	\$40.43
M&T Global Custody Bank - September 2022	\$3,818.59
Staff Salaries	4,750.53
Medicare	-
Massachusetts SUI	-
MA Health Ins/EMAC	-
Harpers Payroll Fee	-
Expense Total	\$175,742.79
Pension	1,605,826.06
Annuity	367,163.96
COLA	22,333.05
Retiree Payroll Total	1,995,323.07
Warrant S48 Total	\$2,171,065.86
Prior Warrants	
Schedule 43	4,857.49
Schedule 45	5,982.39
Schedule 46	4,984.68
Schedule 47	7,225.80
Reference Total	23,050.36
Grand Total Warrant S48 with Prior Warrants	\$2,194,116.22

A motion was made by James Vieira and second by Patrick Ripley to approve all bills, transfers, refunds, staff payrolls and retirement payroll listed above on schedules S43, S45, S46, S47 and S48. Motion passed by all voting in favor.

6. Report of Chairman:

Letter of Direction to Rhumblin Dated 11/15/2022

Patrick Ripley motion to approve the Letter of direction Dated 11/15/2022 Instructing Rhumblin to withdraw \$1,750,000 from the R1000 Value Index Fund on the next trade date and wire the funds to M&T Bank. Motion second by Robert Maiocco. Motion passed by all members voting in favor.

Letter of Direction to PRIM Dated 11/16/2022

This redemption is for December 2022 cash requirements. Expected to receive the funds on 12/1/2022.

Robert Maiocco motion to approve the Letter of Direction Dated 11/16/2022 Instructing PRIM to withdraw \$1,750,000 from the Core Real Estate Account on the next trade date and wire the funds to M&T Bank. Motion second by James Vieira. Motion passed by all members voting in favor.

Wire Transmittal Letter Dated 11/17/2022 Transferring \$1,650,000 From M&T Bank to Brookline Bank.

This wire transfer was completed on 11/17/2022 by Mark Minervini to fund November 2022 expenses and pension payroll.

James Vieira motion to approve the Wire Transmittal Letter Dated 11/17/2022 Transferring \$1,650,000 from M&T Bank to Brookline Bank. Motion second by Robert Maiocco. Motion passed by all members voting in favor.

PRIT Payment Due Notice Dated 11/1/2022

Patrick Ripley motion to place on file the PRIT Private Equity Vintage Year payment due notice notifying the Board that a payment of \$70,238.87 is due 11/1/2022. Motion second by Robert Maiocco. Motion passed by all members voting in favor.

PRIT Confirmation Notice Dated 11/1/2022

James Vieira motion to place on file the PRIT Confirmation Notice Dated 11/1/2022 notifying the Board that a Private Equity Vintage Year Program payment of \$70,238.87 was received by PRIM on 11/1/2022. Motion second by Bob Dickinson. Motion passed by all members voting in favor.

PRIT Payment Due Notice Dated 12/1/2022

James Vieira motion to place on file the PRIT Private Equity Vintage Year payment due notice notifying the Board that a payment of \$122,920.02 is due 12/1/2022. Motion second by Patrick Ripley. Motion passed by all members voting in favor.

Board Review of August 2022 Accounting Cash Books and Cash Reconciliation Reports

James Vieira motion to approve the August 2022 Accounting Cash Books and Cash Reconciliation Reports. Motion second by Bob Dickinson. Motion passed by all members voting in favor.

August 2022 Accounting Reports have been Submitted to PERAC

James Vieira motion to place on file that the August 2022 Accounting Reports have been Submitted to PERAC. Motion second by Patrick Ripley. Motion passed by all members voting in favor.

Final Audit Results Report from PERAC and Board Response to Findings

PERAC's final "draft" audit report has been uploaded to Dropbox. Mr. Minervini informed the Board that PERAC changed the following finding to a recommendation.

Enrollment Forms and Members' Folders:

Three members selected for testing, who all worked for the school, did not have folders. Two had membership dates in the database of 1901 and 1921. Further investigation found four other school employees with similar dates of membership.

In addition, the three members had terminated employment, but the termination dates and status were not updated in the database. Of the active member files selected for testing, about 25% were actually inactive.

Mr. Minervini explained that the office staff has been contacting new school employees directly and notifying them (cc school's HR and Finance Department along with the city Treasurer) of Section 18(1) that they will be suspended without pay until completed enrollment forms are filed. Mr. Minervini said we rarely have this issue with new City or Housing employees.

Patrick Ripley motions that we review the process of receiving enrollment forms in 6 months. Motion second by Robert Maiocco. Motion passed by all members voting in favor.

Mr. Minervini provided an account of the following two findings.

Retirement Allowance Calculations:

We tested 16 new retirements and found issues with two out of three sampled Accidental Disability retirement allowance calculations.

Mark Minervini informed the Board that James Lee and Stephen McAveeney are the two retirees whose calculations contained an error in the final average salary. Mr. Lee has been overpaid due to an error in the recalculation when retroactive salary was received. The Board was informed about the waiver provisions of M.G.L. c. 32 § 20(5)(c)(3). Mr. Minervini explained that Mr. Lee was unaware of the error, did not cause the error and the error was longer than a year – meeting

the criteria to waive the overpayment. Patrick Ripley said he doesn't mind waiving based on the criteria in section 20, we need to take the member into consideration, and recommends that we waive the overpayment and correct his retirement. Rick Jordan said we waived in the past.

Patrick Ripley motion to waive the overpayment James Lee received as a result from the error in his retirement calculation. Motion second by James Vieira. Motion passed by all members voting in favor.

Mr. Minervini explained that Stephen McAveeney was underpaid due to an error in his final average calculation. James Vieira asked how long did we know about the error? Mr. Minervini said it was discovered during the audit and became known to us late September. Both Mr. Lee and Mr. McAveeney's calculations have been corrected and submitted to PERAC for approval. Mr. Minervini explained that the audit was a 5-year audit and that PERAC historically audits Board's every 2 years.

Patrick Ripley motion to pay Stephen McAveeney amount owed because of the underpayment. Motion second by James Vieira. Motion passed by all members voting in favor.

Mark Minervini informed the Board that we need to provide a response to finding to PERAC for the audit report. Mr. Minervini read the following proposed response concerning the Retirement Allowance Calculations finding.

Both calculations have been corrected and submitted to PERAC for approval. Upon receipt of approval, the retirees will be notified, and their retirement allowance corrected. In the matter of the overpayment, the Board will review the waiver provisions of M.G.L. c. 32 § 20(5)(c)(3).

Cash Reconciliations:

The retirement office staff currently prepares the monthly cash reconciliations and not the Treasurer. The Treasurer reviews and signs the reconciliations. PERAC's opinion letter from November 2018 informed the Board that the Treasurer should be responsible for reconciling the cash accounts. The Treasurer is paid an annual stipend of \$1,500. The cash reconciliations are not signed or dated by the preparer.

Discussion about the cash reconciliation. Mr. Minervini recapped the matter that lead to us reconciling the cash accounts. The previous Treasurer had staffing issues beginning October 2017 and informed us that the Treasurer's office will longer be responsible for reconciling the Retirement's cash accounts. At that time, the Board informed the Treasurer that by statute, the Treasurer is the custodian of the accounts and is required to reconcile the cash accounts. PERAC was also notified. In a letter from the City Auditor (Board's Ex-Officio), the Board was told that the Retirement Administrator could continue reconciling the cash accounts, as a clerical process, and the Treasurer reviews and signs off on the reconciliations, at which point the accuracy and reconciliation is the responsibility of the Treasurer which satisfies MGL Chapter 32 section 20(4)(g) – PERAC did not agree. Mr. Minervini informed the Board that he spoke with the current Treasurer, Judy Johnston and she will begin reconciling the cash accounts January 2023.

Mr. Minervini read the following proposed response concerning the Cash Reconciliation finding.

Beginning January 2023, the City Treasurer will begin performing the cash reconciliation of the Board's two cash accounts. In the matter of cash reconciliations not signed or dated by the preparer, we added a date to the signature page.

Patrick Ripley motion to accept the audit report and above responses to the findings. Motion second by Robert Maiocco. Motion passed by all members voting in favor.

PERAC Memo #28 /2022 – 840 CMR 28.00 Electronic Signatures and Attachment

Patrick Ripley motion to place on file PERAC Memo #28 /2022 – 840 CMR 28.00 Electronic Signatures and Attachment. Motion second by James Vieira. Motion passed by all members voting in favor.

PERAC Memo #29 /2022 – 5% Local COLA Option

Discussion about increasing retiree COLA an additional 2%. Discussion about cost and budget. Robert Maiocco asked what's the cost? Rick Jordan said cost is \$360 a year per retiree. Patrick Ripley said we need to give the Mayor all the information to make an informed decision. The increase will not affect the city's current budget, the cost to the city will not be until FY2026. Rick Jordan recommends we give retirees 2% additional COLA retroactive to 7/1/2022.

James Vieira motion to approve an additional 2% COLA paid to retirees for FY23, retroactive to 7/1/2022, as approved by State Legislature, subject to the recommendation of the Mayor to City Council as outlined in Chapter 269 of the Acts of 2022. Motion second by Robert Maiocco. Motion passed by all members voting in favor.

Budget to Actual Report as of 3Q2022

Robert Maiocco motion to approve the Budget to Actual Report as of 3Q2022. Motion second by Bob Dickinson. Motion passed by all members voting in favor.

Unified Life Insurance Deduction Problems Involving 50 Retirees

Mark Minervini informed the Board that Unified Life has been refusing to accept payments from the city and will begin sending billings directly to the retirees. Mr. Minervini explained that he and the Treasurer made several unsuccessful attempts to resolve this matter with Unified Life. The retirees have been notified by letter from the city, from our office and in some cases, phone calls. Three months of Unified Life deductions have been returned to the retirees and Unified Life contact information has been provided to the retirees.

Patrick Ripley motion to place on file Unified Life Insurance Deduction Problems Involving 50 Retirees. Motion second by James Vieira. Motion passed by all members voting in favor.

5 Retiree's did not Respond to the Proof of Living Affidavit

Mark Minervini informed the Board that five retirees have not submitted their proof of life affidavit. Mr. Minervini said we have sent three letters requesting the affidavits. Rick Jordan said we don't want to stop retirement payments during the holidays. Patrick Ripley agreed and said we can give them until the end of January before we stop their payment. Mr. Minervini said we have PBI check the database every week for deceased and the retirees in question have not been reported.

Patrick Ripley motion to send another letter that they must comply by 1/31/2023 to avoid interruption in their retirement payment. Motion second by James Vieira. Motion passed by all members voting in favor.

IRS Removed Penalty for 945 Deposit

Robert Maiocco motion to place on file IRS Removed Penalty for 945 Deposit. Motion second by Bob Dickinson. Motion passed by all members voting in favor.

643

School Payroll Returned \$18,192.50 in Retirement Deductions to Custodians due to Retirement Deductions Taken in Error on a Settlement.

The school settled a litigation matter arising from a typographical error in a contract. Retirement deductions were withheld on the entire amount of the settlement which included a combination of base pay, overtime, and damages. Not all the settlement is regular compensation, and we asked the school to provide an accounting breakdown of the settlement payment so that we can determine if any of the pay is regular compensation. A breakdown could not be provided and as a result, the school returned the deductions back to the custodians through a payroll deduction adjustment. In aggregate \$18,192.50 was returned on 11/10/2022.

Bob Dickinson motion to place on file that the School Payroll Returned \$18,192.50 in Retirement Deductions to Custodians due to Retirement Deductions Taken in Error on a Settlement. Motion second by Patrick Ripley. Motion passed by all members voting in favor.

7. Unfinished Business

Mark Minervini's CAF Plan is Scheduled to Move from Step 4 to Step 5 on November 9, 2022

James Vieira said the step increase is automatic, and we want to commend Mark Minervini for his outstanding work. Mr. Minervini thanked the Board.

James Vieira motion to place on file Mark Minervini's CAF Plan is Scheduled to Move from Step 4 to Step 5 on November 9, 2022. Motion second by Patrick Ripley. Motion passed by all members voting in favor.

Joseph Albano III - 91A Over Earnings Hearing

Mark Minervini informed the Board that Mr. Albano requested to continue the hearing 30 days for due diligence. All parties agreed to continue the hearing.

Robert Maiocco motion to place on file Joseph Albano III - 91A Over Earnings Hearing. Motion second by Bob Dickinson. Motion passed by all members voting in favor.

Received Frank Cappuccio's Accidental Disability Calculation Approval from PERAC

James Vieira motion to place on file Frank Cappuccio's Accidental Disability Calculation Approval from PERAC. Motion second by Patrick Ripley. Motion passed by all members voting in favor.

8. New Business

Christine Dattero Election of Option D Benefits

Christine Dattero, beneficiary of Stephen Dattero who died on 10/16/2022, submitted an Election of Option D Benefits. Robert Maiocco motion to approve Christine Dattero Election of Option D Benefits. Motion second by Patrick Ripley. Motion passed by all members voting in favor.

Dell Latitude Laptops Purchase

James Vieira motion to approve purchase 3 Dell Latitude Laptops at a cost up to \$4,000. Motion second by Bob Dickinson. 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>
Jenna Brown	SCH	Paraprofessional	10/19/2022	FT

Patrick Ripley motion to approve Jenna Brown membership as described above Motion second by Bob Dickinson. Motion passed by all members voting in favor.

Retirements:

<u>Name</u>	<u>Unit</u>	<u>Option</u>	<u>Retirement Date</u>
Bonnie Curran	MHA	Superannuation Option C	11/1/2022
Lisa Tonello	MHA	Superannuation Option A	10/31/2022

James Vieira motion to retirements as described above. Motion second by Patrick Ripley. Motion passed by all members voting in favor.

9. Executive Session

N/A

10. Adjournment

Next meeting scheduled for Thursday December 29, 2022 at 9:30am in City Hall Room 201.

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

A true Record
by:


Mark Minervini

On 11-30-2022

Rick Jordan


Chairman


Robert Dickinson


Ex-Officio

James Vieira



Patrick H. Ripley



Robert
Maiocco

