

The meeting of the Andover Contributory Retirement Board was called to order on Thursday, February 23, 2023, 8:30 A.M. in the third-floor conference room A (Select Board Conference Room) located in the Town Offices. Members participating: Hayley Green, Chair, Tom Hartwell, Elena Kothman, Blackwell Taylor, and Eric Teichert. Also present: Office Coordinator Helen Armano, Recording Secretary Susar McKelliget, and Kevin Condry of Dahab Associates.

Investments

Dahab Associates:

Ms. Green welcomed Kevin Condry of Dahab Associates. Mr. Condry presented an overview of the Andover Contributory Retirement System Performance Review for December 2022.

Mr. Condry reported that returns in the fourth quarter were positive, but there will be continued volatility over the next several months due to inflation. The Federal Reserve's terminal rate during the last quarter of 2022 was 4% and now it's closer to 5%. The GDP growth in the current quarter is 2.9% compared to 3.2% in the previous quarter. Unemployment is about the same at 3.5%. Some in Google or Apple high-tech jobs are finding jobs quickly, and there are fewer supply issues related to COVID in other sectors. Wages have increased overall, retail being the exception. CPI is about 7% and it is taking longer to come down than many would like.

If the Federal Reserve raises interest rates, the impact won't be seen for six months or so. Goods are still being produced and people are spending money, though savings seem to be down. There is some dollar weakness globally, but the dollar has been strong the past ten years, and there are no indicators of a return to a financial situation as in 2008. Companies seem to have an appetite for increased risk.

Mr. Hartwell asked about a WSJ report citing a 26% decline in domestic equities. Mr. Condry said that may be overly pessimistic. Short term interest rates have gone up making debt more expensive, but Mr. Condry believes there is less than a 5% probability this year of a decline in domestic equities as reported in the WSJ. A brief discussion of the inverted yield curve followed which could lead to a change in asset allocation. The inverted yield curve does not necessarily lead to a recession because of changes in the market over time.

Mr. Condry talked about forced buying in certain markets where companies must buy bonds despite yields, which is one reason 10-30 year yields have not gone up. Asset allocation and yields need to be tracked due to the discount rate.

Mr. Hartwell noted Treasury rates at 5% and asked about taking money out of the \$24 million and investing in the Treasury. Mr. Condry said there is not much benefit to this approach as the current return is reasonable given fixed income and is in line with targets. If cash is needed, it would be better to take it from PRIT's international equity or emerging markets sleeves. Ms. Kothman noted \$1.4 million a month comes from PRIT Core for expenses.

Mr. Condry said target allocations are where they should be and although there is a premium in real estate not to pump more money in. PRIT has REIT sleeve which has had positive returns. Real estate is not enough of a premium to add assets at this time.

Performance Summary for this quarterly report shows total portfolio return 4.4 or 88%. The PRIT Core return is 4.1% and staying with the plan and re-balancing when needed is key.

The PRIT Core allocation is moving to a higher range in private equity which can be adjusted if needed.

Ms. Green asked about ranges and Mr. Condry said it means a range of percentages deemed acceptable within the PRIT Core Fund. Greater opportunities may lead to less fees and access to funds at better prices with these ranges. Mr. Condry ended his report by saying things are better than last year and for the Board to reach out with any questions going forward.

Statements

MMDT:

It was moved by Mr. Hartwell, seconded by Mr. Teichert, and voted 5-0 to approve the MMDT statement for 01/31/2023.

MassPRIM/PRIT:

It was moved by Mr. Hartwell, seconded by Mr. Teichert, and voted 5-0 to accept the MassPRIM/PRIT Statement for 01/31/2023.

RhumbLine:

It was moved by Mr. Hartwell, seconded by Mr. Teichert, and voted 5-0 to approve the following RhumbLine statements received: Mid Cap 400 & Small Cap 600 01/31/2023.

It was moved by Mr. Hartwell, seconded by Mr. Teichert, and voted 5-0 to confirm the wire transfer of \$1,100,000.00 for January operating expenses.

It was moved Mr. Hartwell, seconded by Mr. Teichert, and voted 5-0 to approve the wire transfer of \$1,400,000.00 for February operating expenses.

It was moved by Mr. Hartwell, seconded by Mr. Teichert, and voted 5-0 to approve the wire transfer of up to \$1,400,000.00 for March operating expenses.

Mr. Hartwell asked about the wire transfer for March operating expenses as a result of today's discussion with Mr. Condry. Ms. Kothman said she will discuss with Mr. McNeillie and Mr. Condry what fund the next withdrawal should be taken from and update this information for the Board at the March meeting.

Minutes:

It was moved by Mr. Hartwell, seconded by Mr. Teichert, and voted 5-0 to approve the minutes from January 26, 2023, Regular & Executive Sessions.

Monthly Payroll:

It was moved by Mr. Hartwell, seconded by Mr. Teichert, and voted 5-0 to approve the February 2023 payroll as follows:

Annuity	305,669.52		
Pension	1,243,469.90	Total	1,549,139.42

The board reviewed the following expenses:

Expenses - February expense warrant #2023-02

3(8)(c) Payments (to other Retirement systems):

Haverhill Retirement	1,702.21	
Plymouth Retirement	2,431.80	
	Total 3(8)(c):	4,134.01
CDW Government, HP LaserJet Printer		542.86
Konica Minolta Business Solution, BW & Color Copies		58.23
Konica Minolta Premier Finance, monthly fee		168.00

Elena Kothman - ET digital access reimbursement for January	26.99
Melrose Retirement - Transfer out: Acct of Melissa K. Ripley	64,264.22
Deds = 9% = \$58,205.29, 2% = \$5,734.10, interest = \$319.47	
Total Cred Serv = 11.8333 years	
Andover = 1.1667 years = 06/28/2021-09/09/2022	
Melrose = 10.6667 years = 08/02/2010-04/30/2021	
MTRS - Transfer out: Acct of Sarah E. Govoni	5,851.69
Deds = 9% = \$5,743.85, 2% = \$89.22, interest = \$18.62	
Total Cred Serv = 2.1667 years	
Andover = 2.0000 years = 08/27/2018-08/31/2020	
State RB = 0.0833 years = 08/28/2017-10/20/2017	
Medford = 0.0833 years = 04/05/2017-06/30/2017	
MTRS - Transfer out: Acct of Carolyn Perry-Schoen	49,169.40
Deds = 9% = \$46,772.67, 2% = \$1,896.22, interest = \$500.51	
Total Cred Serv = 16.5833 years	
Andover = 03/17/2004-08/29/2021	
Powers & Sullivan, fee for GASB 67 12/31/2021	2,500.00
PTG, software renewal	40,500.00
Salem Retirement - Transfer out: Acct of Cheryl A. Dick	121,536.36
Deds = 9% = \$109,603.83, 2% = \$10,804.24, interest = \$1,128.29	
Total Cred Serv = 20.3333 years	
Andover = 1.6667 years = 03/29/2021-12/02/2022	
Salem = 1.0833 years = 02/10/2020-03/19/2021	
State RB = 17.5833 years = 10/02/2000-01/31/2020	
The Law Offices of Michael Sacco, January 2023	2,102.00
Town of Andover:	
Elena Kothman	8,438.80
Helen Armano	6,453.04
Vincent Malgeri	1,468.80
Susan McKelliget (01/26/2023)	250.00
Total Salaries:	16,610.64
Town of Andover:	
Hayley Green	250.00
Michael Morse	250.00
Total Stipends:	500.00
<u>Total expenses - Warrant #2023-02:</u>	307,964.40

It was moved by Mr. Hartwell, seconded by Mr. Teichert, and voted 5-0 to approve the total expenses of \$307,964.40 as printed in warrant #2023-02. Ms. Green abstained from voting on her stipend and Ms. Kothman abstained from voting on her salary and her ET digital access reimbursement.

The Board noted the following receipts:

Receipts

Employee Contributions - January 2023:	
Town	255,407.23
School	108,988.30
AHA	
Dec 22 Adj: 435.80	
Jan 2023: 4,471.70	4,907.50
Total employee contributions:	369,303.03
Misc Receipts:	
Rollover makeup check rec'd from Mission Square for Joseph DeMarco	4,704.46
Lump sum makeup check rec'd from Paula Dennett	522.68
Lowell 3(8)(c) payment received	49,559.45

Transfers in:

Miranda Locke, School, from Lynn Retirement 20.11
Transfer of retirement deductions withheld from retroactive contract settlement (no add'l cred serv)

Phillip J Geoffroy, Town, from Lowell Retirement 31,738.17
Deds = 9% = \$27,915.79, 2% = 3,778.32, interest = \$41.45
Cred Serv = 3.9167 years = 09/03/2019-01/09/2023

Transfers In total

It was moved by Mr. Hartwell, seconded by Mr. Teichert and voted 5-0 to approve total transfers received in the total amount of \$31,758.28.

Total Receipts \$456,760.96

Intent to Retire

It was moved by Mr. Hartwell, seconded by Ms. Kothman, and voted 5-0 to approve the following intents to retire:

Ellen Lynch, School, DOR 01/28/2023, Cred Serv = 19y, 2m, Superannuation

Kathleen McDonald, Town, DOR 03/18/2023, Cred Serv = 22y, 5m, Superannuation

Deaths:

The Board was informed of the following deaths and Ms. Green expressed her condolences:

Donald A Dewey, spouse of retiree Kristina A Dewey, DOD 01/21/2023

Kaija M Gilmore, Town CD&P, DOD 02/02/2023, DOR 05/01/2012, DOE 07/22/1985

Bernard Awtrey, DOD 02/11/2023, survivor of deceased retiree Pamela Awtrey

Ann Sermos, School, DOD 02/20/2023, DOR 02/28/2022, DOE 03/13/2007

Mary K. Poe, School, DOD 02/21/2023, DOR 09/22/2022, DOE 08/24/1998

The Board was informed of the following:

Retirement Allowance Calculations approved by PERAC:

Benjamin Ledwell, Town, DOR 11/06/2022, Cred Serv = 14y, 7m, Accidental Disability

	<u>Annual</u>	<u>Monthly</u>
Allowance	70,080.84	5,840.07

Pamela DiPesa, Town, DOR 12/10/2022, Cred Serv = 22y, 4m, Superannuation

	<u>Annual</u>	<u>Monthly</u>
Allowance	21,094.68	1,757.89

Patricia Hajj, School, DOR 01/01/2023, Cred Serv = 36y, 4m, Superannuation

	<u>Annual</u>	<u>Monthly</u>
Allowance	38,784.72	3,232.06

Report from the Executive Director

Ms. Kothman gave the following updates on PERAC memos

PERAC memos: 7- 8/2023 interest rate set at 0.1% for 2023; and actuarial data for members, retirees/survivors and disability retirees due to PERAC by 03/31/2023--submit through PROSPER

REMINDER: SFI due to PERAC by 05/01/2023--All Board members are in compliance

Commonwealth of Massachusetts Cybersecurity training awareness grant--Ms. Kothman secured this grant for Vincent Malgeri's Cybersecurity training

Email from Town Clerk on Conflict of Interest Law Requirements/Ethics-- training all on-line
Mass Retirees - *The Voice March* 2023: 5% COLA response among communities
Mass Retirees - request for retirees' addresses Board discussed whether or not to provide this information

It was moved by Mr. Taylor, seconded by Mr. Hartwell, and voted 5-0 to decline the request for providing retiree's addresses and continue the policy of keeping retiree information private.

Retirement Board member - Select Board appointee

Ms. Green announced Mr. Hartwell will be leaving the Retirement Board after nine years, when his term expires 06/30/2023. Ms. Green and Board members thanked Mr. Hartwell for his contributions to the Board especially with reforms, discount rates, POB and his part with the Investment Committee formation. Mr. Hartwell thanked the Board and said he wanted to give the Select Board sufficient time between now and June to find a new member.

Cash/Accounting:

Cash Books:

November 2022:

It was moved by Mr. Hartwell, seconded by Mr. Teichert, and voted 5-0 to approve the trial balance, cash receipts, cash disbursements, adjusting journal entries, and bank reconciliation.

December 2022:

The Board conducted a first reading on the trial balance, cash receipts, cash disbursements, adjusting journal entries, and bank reconciliation for December 2022.

Annual Statement of the Financial Condition of the System as of 12/31/2022

It was moved by Mr. Hartwell, seconded by Mr. Teichert, and voted 5-0 to approve the 2022 Annual Statement of the Financial Condition of the System as of 12/31/2022, along with the Supplementary Schedule.

Ms. Kothman told the Board that after attending PERAC's webinar concerning the Annual Statement and Cash Books, she found out the Board will have to log on to Prosper to sign the annual statement electronically. There was some concern mentioned from other directors about having a signed paper copy because PERAC couldn't answer at this time whether electronically signed copies can be downloaded. Therefore, Ms. Kothman requested the Board sign a paper copy as well.

Cash balance: as of February 23, 2023

It was moved by Mr. Hartwell, seconded by Mr. Teichert, and voted 5-0 to approve the cash balance as of February 23, 2023, in Bank of America \$13,357.84

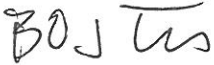
Ms. Green noted receipt of the Cash Flow Forecast for February 2023.

Next Meeting date:

Ms. Green noted the next meeting date is scheduled for Thursday, March 30, 2023, at 8:30 AM

Other Business before the BoardAdjourn

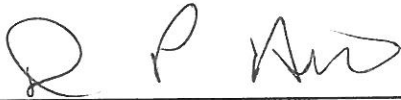
It was moved by Mr. Hartwell, seconded by Ms. Kothman, and voted 5-0 to adjourn at 9:25 A.M.



Hayley S. Green



Elena M. Kothman



Thomas P. Hartwell



Blackwell O.J. Taylor



Eric J. Teichert

Documents:

Dahab Associates December 2022 Performance Review

MMDT Statement

PRIT Statement

RhumbLine Statements

Wire transfer confirmations

Unofficial Minutes 01/26/23

Monthly Payroll

Expenses

Receipts

Transfers In

Deaths

PERAC memos: 7-8/2023

Mass Retirees - The Voice 01/2023

Cash books - November & December 2022

Cash flow forecast February 2023

Annual Statement of the Financial Condition of the System as of 12/31/2022