

The meeting of the Andover Contributory Retirement board was called to order on Thursday, May 25, 2023, at 8:30 AM 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 and Greg McNeillie of Dahab Associates.

#### Investments:

##### Dahab Associates

Mr. McNeillie gave an overview of the First Quarter 2023 Performance Report. The April numbers were not ready so information up to the end of March was used. During this period, the total portfolio showed a positive performance of 3.6%, slightly behind the PRIT Fund return of 3.8%. Ranking fell within the 78<sup>th</sup> percentile of the Public Fund universe. Money taken from the PRIT private equity or hedge fund sleeve was put back into the PRIT domestic equity sleeve.

There was slight under performance in Large Cap stocks, with gains driven by three stocks - Nvidia, Tesla, and Facebook (Meta), although these three will change over time. Mid and Small Cap stocks did not show much growth except when the markets were negative. Small Cap value was the worst performer. The negative story for the quarter involved real estate. The PRIT Core Real Estate portfolio lost 1.4%. There are some savings realized with fees, asset management was 39 basis points, while the PRIT Fund fees were approximately 50 basis points. The fund was underweight in fixed income but heavy in cash, which doesn't hurt with the funds in MMDT earning a return of more than 4%.

Ms. Kothman wondered if the comparison chart on page 9 outlined in the report was a new component - between the Dahab and Horizon Investment Growth - the Dahab projection showed 7.9% vs. Horizon's projection of 7.4% for the first quarter. Mr. McNeillie said when the allocation study was done, he said he did not always agree with the Horizon study but over time they are fairly close. Mr. McNeillie said it would be useful to look at over time.

Mr. Hartwell said the funds seem to be meeting the 5.75% goal for the first quarter at this point. Mr. McNeillie said debt ceiling discussions could affect this going forward. Ms. Green asked if investment decisions might change depending on debt ceiling outcomes and Mr. McNeillie said defined benefit pension funds are long term investors. The 5.75% goal is not a "one-year" number. Gains or losses might affect the funded ratio; the Town's contributions may change, but the policy outcome should not affect the Board's fiduciary decisions.

A brief discussion ensued regarding a pending Oklahoma lawsuit that involves over investment of SSGA (energy funds) and ESG investment practices. Mr. Hartwell asked if PRIT invests this way, and Mr. McNeillie said as far as he knows PRIT doesn't invest based on ESG. Mr. Hartwell said as a fiduciary, a trustee should not let the politics affect the decisions being made. Mr. McNeillie stressed pension boards should not be driven by issues such as energy or oil prices unless State mandates require a certain investment practice, funds should be invested in the best interest of the participants.

Ms. Green noted the Board received the ADV, Part 2A - Disclosure Brochure from Dahab Associates. Mr. McNeillie said this is an annual requirement.

Statements:MMDT:

It was moved by Mr. Hartwell, seconded by Mr. Teichert, and voted 5-0 to approve the MMDT Statement for 04/30/2023.

MassPRIM/PRIT:

It was moved by Mr. Hartwell, seconded by Mr. Teichert, and voted 5-0 to approve the PRIT Statements for 03/31/2023 and 04/30/2023.

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 for 04/30/2023.

MassPRIM/PRIT:

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

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

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

PRIT Exchanges/confirmations:

It was moved by Mr. Hartwell, seconded by Mr. Teichert, and voted 5-0 to confirm the Exchange of International Equity to PRIT CORE in the amount of \$1,087,787.08.

It was moved by Mr. Hartwell, seconded by Mr. Teichert, and voted 5-0 to confirm the Exchange from Emerging Markets to PRIT CORE in the amount of \$1,528,485.97.

It was moved by Mr. Hartwell, seconded by Mr. Teichert, and voted to approve the PRIM Maintenance Balance for FY2024 - \$1,600,000.00, which reflects an increase from \$1,400,000.00.

Ms. Green noted receipt of the PRIM Board Quarterly Update, for the first quarter of 2023.

Ms. Green noted receipt of the RhumbLine 2022 Small Cap & Mid Cap Independent Auditor's Report & Financial Statements.

Minutes

It was moved by Mr. Hartwell, seconded by Mr. Teichert, and voted 5-0 to approve the minutes of April 20, 2023.

Monthly Payroll:

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

Annuity		306,178.55
Pension	1,254,881.14	Total 1,561,059.69

Expenses - May expense warrant #2023-053(8)(c) Payments (to other Retirement systems):

Essex Regional Retirement	48,865.83
Newburyport Retirement	5,185.28
State Retirement Board	71,931.85

Total 3(8)(c): 125,982.96

Elena Kothman - ET digital access reimbursement for April	26.99
Essex Regional Retirement - Transfer out: Acct of Kadie Griffin	11,261.48

Deds = 9% = \$11,081.04, 2% = \$75.99, interest = \$104.45

Total Cred Serv = 6.3333 years

Haverhill = 08/25/2008-06/30/2012 = 3.2500 years

Andover = 10/01/2015-11/02/2018 = 3.0833 years

Konica Minolta Business Solution, BW & Color Copies	96.45
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Konica Minolta Premier Finance, monthly fee	168.00
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MTRS - Transfer out: Acct of Heather Hart	5,897.66
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Deds = 9% = \$5,565.92, 2% = \$311.32, interest = \$20.42

Total Cred Serv = 2.0833 years

Andover = 11/06/2017-01/28/2019 = 1.1667 years

Andover = 04/08/2019-03/11/2020 = 0.9167 years

MTRS - Transfer out: Acct of Madison Lawler	1,692.59
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Deds = 9% = \$1,686.33, interest = \$6.26

Cred Serv = 1.0000 year = 08/27/2018-08/27/2019

MTRS - Transfer out: Acct of Sobhan Namvar	70,716.93
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Deds = 9% = \$64,097.13, 2% = \$6,242.88, interest = \$376.92

Total Cred Serv = 8.6667 years

MTRS = 09/01/2011-02/28/2016 = 3.5834 years

Andover = 03/08/2016-08/05/2021 = 5.0833 years

Refund/Rollover: Acct of Kellie-Jean Altaffer	3,897.85
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Deds = 9% = \$3,778.44, interest = \$119.41

Total Cred Serv = 1.7500 years

Andover = 09/14/2020-03/24/2021 = 0.5000 years

Andover = 08/30/2021-12/13/2022 = 1.2500 years

Refund: Acct of Jena Bandoian	1,937.79
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Deds = 9% = \$1,840.96, interest = \$96.83

Cred Serv = 0.9167 years = 09/11/2020-08/29/2021

Refund: Acct of Joseph Bevilacqua	50,229.76
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Deds = 9% = \$39,073.21, 2% = \$3,768.32, interest = \$7,388.23

Cred Serv = 8.1667 years = 02/18/2013-04/23/2021

Refund: Acct of Tracey Haslam	8,197.35
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Deds = 9% = \$7,754.01, interest = \$443.34

Cred Serv = 3.6667 years = 12/17/2018-08/18/2022

Refund: Acct of Stephanie McSurdy	15,817.44
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Deds = 9% = \$13,930.24, 2% = \$1,158.47, interest = \$728.73

Cred Serv = 3.1667 years = 08/05/2019-10/21/2022

Refund: Retirement deductions taken in error - Colin Radford	56.12
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Refund/Rollover: Acct of Julie Richardson	4,198.76
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Deds = 9% = \$3,883.76, interest = \$315.00 for interest = \$179.09

Cred Serv = 2.5833 years = 01/03/2017-08/27/2019

Stoneham Retirement: Transfer out acct of Hualing Dong	1,219.76
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Deds = 9% = \$1,219.45, interest = \$0.31

Cred Serv = 0.4167 years = 08/29/2022-02/09/2023

Eric Teichert, reimburse registration fee for MACRS conference 6/4-6/7/2023	484.00
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The Law Offices of Michael Sacco, April 2023	156.00
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## Town of Andover:

Elena Kothman	8,438.80	
Helen Armano	6,453.04	
Vincent Malgeri	1,550.40	
Susan McKelliget (04/20/2023)	250.00	
	Total Salaries:	16,692.24

## Town of Andover:

Hayley Green	250.00	
Michael Morse	250.00	
	Total Stipends:	500.00

Total expenses - Warrant #2023-05: 319,230.13

It was moved by Mr. Hartwell, seconded by Mr. Teichert, and voted 5-0 to approve the total expenses of \$319,230.13 as printed in warrant # 2023-05. Ms. Green abstained from voting on her stipend and Ms. Kothman abstained from voting on her salary and her ET digital access reimbursement, and Mr. Teichert abstained from his fee for MACRS registration.

Mr. Hartwell asked if the large amount of refunds was the ongoing pursuit of inactive members moving their funds and Ms. Kothman confirmed it is.

The Board noted the following receipts:

Receipts:

Employee Contributions - April 2023:		
Town	246,390.13	
School	109,390.34	
AHA	4,655.69	
	Total employee contributions:	360,436.16
<u>Total Receipts:</u>		360,436.16

Intent to Retire:

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

Katherine Dugan, Town/Library, DOR 06/03/2023, Cred Serv = 39y, Superannuation  
 Patricia Carpentier, School, DOR 06/21/2023, Cred Serv = 15y, 7m, Superannuation  
 Kim Dowell, School, DOR 06/21/2023, Cred Serv=22y,9m, Superannuation  
 Janet Hamilton, School, DOR 06/21/2023, Cred Serv=21y, 3m, Superannuation  
 Jessica Newcomb, School, DOR 06/21/2023, Cred Serv = 19y, 5m, Superannuation  
 Colin Radford, Town/Police, DOR 06/24/2023, Cred Serv=34y,9m Superannuation  
 Maureen Belbin, School, DOR 06/27/2023, Cred Serv = 22y, 9m, Superannuation  
 Linda Murphy, Town/Library, DOR 07/30/2023, Cred Serv = 17y, 4m, Superannuation

Deaths

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

Vincent Giuliano, Survivor, DOD 09/14/2022 (Ms. Kothman working on the overpayment)  
 Leonard B Foote, Town/DPW, Inactive Member, DOD 04/29/2023, DOE 05/08/2000

MGL, Ch 32, §12(2)(d) case - widow of Leonard B. Foote:

Linda L. Foote, widow of Leonard Foote, filed an application for benefits under MGL, Ch 32, §12(2)(d) as Mr. Foote died prior to retiring. Ms. Green asked Ms. Kothman to explain this section of the law as it pertains to Mr. Foote's widow. Ms. Kothman said Linda Foote as spouse was entitled to either a monthly benefit payment or a refund of his account. Mrs. Foote submitted all of the required documentation, and fulfills the criteria set out in Mass General Laws, Chapter 32, §12(2)(d), subject to PERAC approval. Mrs. Foote chose to receive a monthly benefit and her application has been reviewed and approved by Attorney Sacco.

It was moved by Mr. Hartwell, seconded by Mr. Teichert, and voted 5-0 to approve Mrs. Foote's application "Notice of Benefits under MGL Chapter 32, §12(2)(d)" for receipt of monthly benefits.

The Board was informed of the following:

Retirement Allowance Calculation approved by PERAC:

Catherine DeSantis, School/Cafe, DOR 05/03/2023, Cred Serv = 22y, 6m, Superannuation

	<u>Annual</u>	<u>Monthly</u>
Allowance	14,726.28	1,227.19

Office Assistant Position Status & Hours:

Ms. Green noted the issue of increasing the hours of the Retirement Office's Assistant position was brought up at the last meeting at which time Board members asked for additional information prior to making a decision. Ms. Kothman said she reached out to other retirement systems to see how they treated this position with respect to pay and job duties. Melrose recently posted a similar position paying \$32/hour which Ms. Kothman noted would be an attractive choice for the current employee. She also noted the initiative recently taken by the current employee looking into probate issues regarding overpayments to a deceased's family discovered during the affidavit process.

Mr. Hartwell said they are not questioning the employee's work, but the Board needs to determine if there is sufficient work to warrant increasing the hours and the Board also needs to consider the entire financial picture, including pension and OPEB costs. Ms. Green agreed she would like to see more detail about what additional duties would be assigned that would require an increase in hours beyond the current 19 hours per week. She said they've already established the position, so she didn't think seeing what other Retirement systems do is necessary. Mr. Hartwell said he would be interested in seeing other systems' staffing. Ms. Kothman said she hopes to have all the data available to present at next month's meeting.

Report from the Executive Director:

2023 Retiree affidavits - Ms. Kothman noted the above - mentioned case of discovering the Retirement Office was not notified about a retiree's death as a reason why affidavits are necessary. Other than that, all retiree affidavits have been received.

Mass Retirees - *The Voice* May 2023 showed there are six systems with a 12K COLA basis (Andover no longer one of them)

Ms. Kothman informed the Board she had received many thank you messages from retirees for the additional 2% COLA.

Cash/Accounting:Cash Books:March 2023:

The Board conducted a first reading of the trial balance, cash receipts, cash disbursements, adjusting journal entries, and bank reconciliation. Vote to be taken next meeting.



Cash balance: as of May 25, 2023

It was moved by Mr. Hartwell, seconded by Mr. Teichert, and voted 5-0 to approve the cash balance as of May 25, 2023, in Bank of America at \$15,408.47.

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

Next Meeting date:


Thursday, June 22, 2023, at 8:30 AM - It was noted this would be the last meeting held in the Select Board's conference room, due to renovations of the 3<sup>rd</sup> floor starting the first week in June. Future meetings will be held in the 2<sup>nd</sup> floor conference room at the Town Offices while construction is ongoing.

Other Business before the Board:

Ms. Kothman noted the Retirement Office will be closed on Wednesday, June 7<sup>th</sup> due to staffing issues. A note has been posted on Retirement's website and will also be posted on the office door.

Adjourn regular session and convene Executive Session without intent to return to open session:

It was moved by Mr. Hartwell, seconded by Mr. Teichert, and voted 5-0 to adjourn the regular session and convene in Executive Session without intent to return to open session at 9:10 A.M.



Hayley S. Green



Elena M. Kothman



Blackwell O.J. Taylor

Thomas P. Hartwell



Eric J. Teichert

Documents:

Dahab Associates 1<sup>st</sup> qtr 2023 Performance Review  
MMDT Statement  
PRIT Statement  
RhumbLine Statements  
Wire transfer confirmations  
Unofficial Minutes 04/20/23  
Monthly Payroll  
Expenses  
Receipts  
Deaths  
12(2)(d) application  
Mass Retirees - *The Voice* May 2023  
Cash books - March 2023  
Cash flow forecast May 2023