

The meeting of the Andover Contributory Retirement Board was called to order on Thursday, November 16, 2023, at 8:30 AM in the School Committee Conference Room. Members participating: Hayley Green, Chair, Elena Kothman, Blackwell Taylor, Eric Teichert, and Deidre Lockhart. Also present: Office Coordinator Helen Armano, Recording Secretary Susan McKelliget, and Kevin Condry from Dahab Associates.

Investments:

Dahab Associates:

Ms. Green introduced Mr. Kevin Condry from Dahab Associates who presented the Andover Contributory Retirement System Performance Review for the third quarter of 2023.

Mr. Condry began by saying the market has been good since this report was issued, the latest preliminary for the quarter to date as of today was up 2.5%. Economic indicators show the GDP is at 4.9%, unemployment has ticked upwards slightly, and the CPI is at 3.7% although these are lagged figures. Inflation is falling and likely to continue to fall, and there may be deflation in certain housing markets. Housing affordability and 8% interest rates may be a problem, and is expected to continue for a few years.

There was a huge differential between small and large cap stocks. Specifically, large cap growth was up 28% relative to small cap value which was up 8%. With respect to major index returns, all were down last quarter; stocks were down 3-5%, although cash and fixed income were average.

The total fund asset allocation is generally in line, cash is yielding 5.6%. The goal with PRIT is to accentuate the positive through sleeves while decreasing those not needed, such as hedge funds or private equity. The ten-year return at 8%, is in the top percentile of all public funds in America. PRIT and other public plans in this country are overweight in large cap stocks. Stocks such as META, Nvidia, Eli Lilly, Microsoft, Alphabet (Google), Novo, and Tesla have had the best performance.

Three spots to consider tweaking are real estate, which is underweight, eliminating the value added fixed income sleeve, and MMDT cash is overweight. Value added fixed income is the one piece that has not earned its fee due to the spread of fixed income products relative to treasuries. Fixed income has not been among the best performers recently. Ms. Green asked if value added fixed income is the PRIT sleeve we will be eliminating, and Mr. Condry replied it was, but there will still be exposure through the PRIT Core fund. The allocation for private credit is 1.5% within the PRIT Core portfolio, and it is Dahab's opinion that given the funded status and assume rate of return of 5.75%, private debt is not really needed and is very expensive, some minimums require a \$50M investment.

Ms. Lockhart asked for clarification regarding PRIT Core fixed income and Mr. Condry responded he was referring to value added fixed income that the Board will be eliminating, which is mostly high yield, not the fixed income. Ms. Lockhart said she had been looking at the target allocations and understands the difference now.

A look at investment growth shows Dahab projections as well as Horizon projections, and Mr. Condry suggested adding the actuarial rate to this chart going forward. The Board agreed it was a good idea. Mr. Taylor talked about the rate over 10 years and cash flows. Ms. Kothman asked about moving money out of value-added fixed income next year. Mr. Condry replied that it was a good place to be for now. Ms. Kothman also noted Mr. McNeillie was not in favor of going forward with the annual option for PRIM's Private Equity 2024 Vintage Year. Mr. Condry agreed with this and said the asset allocation focus is to keep fees low, clean as possible, and make the actuarial rate of return. Further, this option would add illiquidity not needed. Mr. Condry offered the Board education/information on private credit private equity allocation if wanted.

Ms. Green noted receipt of the PRIT Private Equity 2024 Vintage Year annual notice and the MassPRIM Client Conference held 10/25/2023 which Mr. Taylor attended. Mr. Taylor gave a brief synopsis of the meeting, saying it was a chance to learn about some of the staff, meet some of PRIM's clients, and cybersecurity was a hot topic, especially the need for vigilance with password managers.

Statements:

MMDT:

It was moved by Mr. Teichert, seconded by Ms. Lockhart, and voted 5-0 to approve the MMDT statement for 10/31/2023.

MassPRIM/PRIT:

It was noted the PRIT statement for 10/31/2023 had not been received yet, therefore, it will be reviewed and voted on at the next Board meeting.

RhumbLine:

It was moved by Mr. Teichert, seconded by Ms. Lockhart, and voted 5-0 to approve the following RhumbLine statements received: Mid Cap 400 & Small Cap 600 10/31/2023.

MassPRIM/PRIT:

It was moved by Mr. Teichert, seconded by Mr. Taylor, and voted 5-0 to confirm the wire transfer of \$1,250,000.00 for October operating expenses.

It was moved by Mr. Teichert, seconded by Mr. Taylor, and voted 5-0 to approve a wire transfer of \$1,300,000.00 for November operating expenses.

It was moved by Mr. Teichert, seconded by Mr. Taylor, and voted 5-0 to approve a wire transfer of up to \$1,600,000.00 for December operating expenses.

Office Assistant Vacation Hours Clarification

Ms. Green noted that although the Board discussed and voted on this matter at the October 26th meeting, it wasn't listed as a specific agenda item for that meeting and therefore it is being taken up today for a motion and vote. Ms. Green summarized the matter - at the July 27, 2023 Board meeting, the Board approved 19 hours of vacation time and holiday time if it falls on a regularly scheduled workday for the part time office assistant, who was hired the previous year on 05/17/2022. It was not clear at that July meeting when the 19 hours of paid time would be effective. At the October meeting, the start date was discussed and determined to be effective on May 17, 2023, one year from the employee's start date.

It was moved by Mr. Taylor, seconded by Mr. Teichert, and voted 5-0 to grant the office assistant 19 hours of vacation and paid holiday time if it falls on a regularly scheduled workday with said vacation time to be available on May 17, 2023, and then accruing at 1.5833 hours a month from that date going forward.

Minutes:

It was moved by Mr. Teichert, seconded by Ms. Lockhart, and voted 5-0 to approve the minutes of October 26, 2023.

Monthly Payroll:

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

Annuity	322,386.88		
Pension	1,307,140.65	Total	1,629,527.53*

*it was noted that due to early date of this meeting, the monthly payroll may need to be revised

Expenses - November expense warrant #2023-11

KMS Actuaries LLC, 3 rd qtr invoice	4,000.00
Konica Minolta Business Solution, BW & Color Copies	79.59
Konica Minolta Premier Finance, monthly fee	168.00
Elena Kothman - ET digital access reimbursement for Oct	29.99
Haverhill Retirement - Transfer out: Acct of Ryan Raycraft	18,405.89
Deds = 9% = \$17,390.87, 2% = -\$980.02, interest = \$35.00	
Total Cred Serv = 4.6667 years	
Haverhill = 01/02/2019-06/23/2023 = 4.4167 years	
Andover = 06/26/2023-10/14/2023 = 0.2500 year	
Reading Retirement - Transfer out: Acct of Albert Pless, Jr.	117,958.28
Deds = 9% = \$106,188.45, 2% = -\$10,428.96, interest = \$1,340.87	
Total Cred Serv = 19.4167 years	
Boston = 12/08/2003-02/25/2008 = 4.1667 years	
Cambridge = 03/01/2008-01/28/2022 = 13.8333 years	
Andover = 01/29/2022-07/15/2023 = 1.4167 year	
Refund: Acct of William Doyle	9,875.81
Deds = 9% = \$8,947.85, 2% = \$735.00, interest = \$192.96	
Cred Serv = 2.0000 years = 09/02/2021-09/28/2023	
The Law Offices of Michael Sacco, Oct 2023	416.00
Town of Andover:	
Elena Kothman	10,812.25
Helen Armano	8,267.95
Vincent Malgeri	1,986.45
Susan McKelliget (10/26/2023)	250.00
Total Salaries:	21,316.65
Town of Andover:	
Hayley Green	250.00
Michael Morse	250.00
Total Stipends:	500.00
WB Mason, Misc Office Supplies	222.67
<u>Total expenses - Warrant #2023-11:</u>	172,972.88

It was moved by Mr. Teichert, seconded by Ms. Lockhart, and voted 5-0 to approve the total expenses of \$172,972.88 as printed in warrant #2023-11. Ms. Green abstained from voting on her stipend, Ms. Kothman abstained from voting on her salary and her ET digital access reimbursement.

The board noted the following receipts:

Receipts:

Employee Contributions - October 2023:

Town	256,807.97	
School	115,066.04	
AHA	4,637.09	
Total employee contributions:		376,511.10

Transfers in:

Lisa Lanteigne, School, from Lawrence Retirement 51,973.47
 Deds = 9% = \$46,723.34, 2% = \$5,053.60, interest = \$196.53
 Cred Serv = 11/12/2014-09/12/2023 = 8.8333 years

Doris Moreno, School, from Lawrence Retirement 44,615.69
 Deds = 9% = \$38,913.60, 2% = \$5,509.22, interest = \$192.87
 Cred Serv = 04/04/2016-06/30/2021 = 5.1667 years

Michael Schieding, Town, from Middlesex County Ret 41,758.25
 Deds = 9% = \$38,000.34, 2% = \$3,517.92, interest = \$239.99
 Total Cred Serv = 7.9167 years
 Middlesex County RB = 03/24/2021-06/24/2023 = 2.2500y
 State Retirement = 06/03/2012-02/16/2018 = 5.6667y

Transfers In total: 138,347.41
 It was moved by Mr. Teichert, seconded by Ms. Lockhart, and voted 5-0 to approve transfers in totaling \$138,347.41.

Total Receipts: 514,858.51

The Board noted the following:

Retirement Allowance Calculation approved by PERAC:

Cara Higgins, School, DOR 11/04/2023, Cred Serv = 10y, 8m, Superannuation

	<u>Annual</u>	<u>Monthly</u>
Allowance	5,985.00	498.75

Report from the Executive Director:

PERAC memos: #23/2023 Supplemental payments under the Paid Family and Medical Leave Act are not considered to be regular compensation; #24/24A2023 concern Outsourced Chief Investment Officer Policy (there is a typo and not applicable to Board); #25/2023 Cybersecurity Training available to Board Members and staff to be done on desktop. Ms. Kothman noted she would be the Office Coordinator for this training and if anyone interested, they could let her know. She informed the Board they need to use an Andover email address rather than private email account.

PERAC 2022 Annual Report—hard copies provided upon request.

Retirement Newsletter, Retiree edition, November 2023 covers changes in premiums for Medex Plans, 2024 Paycheck and direct deposit dates, Medicare commercials (open enrollment period), and cyber security scams.

Memo from Attorney Sacco, on recent appeals court decisions not applicable to Andover at this time.

Cash Books:**September 2023:**

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

Cash balance: as of November 16, 2023:

It was moved by Mr. Teichert, seconded by Ms. Lockhart, and voted 5-0 to approve the cash balance as of November 16, 2023, in Bank of America of \$16,779.73.

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

Next Meeting date:

Thursday, December 21, 2023 at 8:30 AM - School Committee Conference room
PRIM Representatives expected at December 21, 2023 meeting

Other Business before the Board:

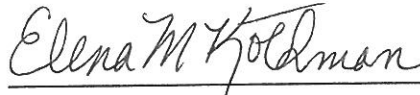
Ms. Lockhart asked if we had heard anything further about the application for benefits under MGL, C. 32 section 12(2)(d) for Christopher D. Anderson, tabled since the September Board meeting. Ms. Kothman responded she has not received a response from PERAC yet, however, she will send another email to them.

Adjourn:

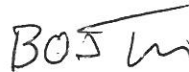
It was moved by Mr. Teichert, seconded by Ms. Kothman, and voted 5-0 to adjourn the regular session at 9:00 A.M.



Hayley S. Green



Elena M. Kothman



Deidre Lockhart

Blackwell O.J. Taylor



Eric J. Teichert

Documents:

PRIM Performance Measurement 10/31/2023
PRIM GIPS Asset Owner Report
PRIM Annual Comprehensive Financial Rpt FY 23
PRIM Third Quarter 2023 Update
MMDT Statement
PRIT Statement
RhumbLine Statements
Wire transfer confirmations
Nancy Anderson PERAC opinion letter
Unofficial Minutes 11/16/23
Monthly Payroll
Expenses
Receipts
Transfers in
Intent to Retire
Death
Retirement Allowance Calc PERAC Approval
PERAC Memos 26-30/2023
PERAC Email dated 11/28/23 Election notice
PERAC FY 2025 Appropriation Memo
Mass Retirees The Voice November 2023
2024 Town Calendar

KMS Actuaries email 12/12/23 re ACR Asset Allocation to auditor
Receipt of Draft Auditor's 805 Report 12/31/2022
Cash Books - October 2023
Cash flow forecast December 2023