

The meeting of the Andover Contributory Retirement Board was called to order on Thursday, December 21, 2023, at 8:30 A.M. 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, Michael McElroy, CFA, Director of Public Markets, Mass PRIM, Laura Strickland, Senior Client Services Officer, Mass PRIM, and Greg McNeillie from Dahab Associates.

Investments:

MassPRIM Representatives

Ms. Green welcomed members and guests and then introduced Mike McElroy, Director of Public Markets and Laura Strickland, Senior Client Services Officer from Mass PRIM.

Ms. Strickland began the discussion by giving an organization review as outlined in the MassPRIM third quarter 2023 report prepared for the Andover Retirement Board. Ms. Strickland focused her talking points on the PRIM Board, a PRIT Fund overview and PRIM's FUTURE Initiative. She said the PRIT fund invests \$95.2B for public employee pension benefit plans, which has 63 public markets in its portfolio, and over 100 private equity managers. The public market piece consists of assets which make up 70% of the portfolio and includes global equities, core fixed income, and private equity. PRIM's core beliefs include making investment decisions based on return, risk, and cost while operating with integrity and transparency. Stewardship and Sustainability are also key to its mission. Ms. Strickland highlighted a few recent PRIM recognitions set out in the report, such as PRIM's ranking as number 8 nationally for managing assets with diverse managers. PRIM's private equity portfolio ranked third among 176 U.S. public pension funds based on its 10-year performance.

Ms. Strickland then asked if there were any questions, and Ms. Green said although she didn't have a questions at this point, she wanted to note PRIM's good work and thanked them.

Mr. McElroy then presented the PRIT Fund Asset Allocation Targets, Economic background, and PRIT fund performance parts of the report. He said the diverse portfolio balanced cost and risk, a strategy that is intended to provide a steady course over time. Changes were made to the target ranges although core fixed income and value-added fixed income stayed the same. The PRIT Asset allocation approved February 6, 2023, consists of global equity, core fixed income, value added fixed income, private equity, real estate, and timberland. Mr. McElroy advised against trying to predict the market, but rather to pay attention to factors driving the economy in the long term.

Mr. Elroy reported on the current economic background and said the market is fairly comfortable now according to key indicators such as the favorable unemployment rate at 3.8%, positive GDP growth rate at 4.9%, (higher than the historical average of 2.8%), and strong a manufacturing sector. The consumer price index is also in a strong position. Market volatility is relatively low, and even with interest rate hikes in the past few quarters, the US economy is the best performing among other economies. Housing remains a challenge, as does commercial real estate, but otherwise indicators of market variance show little volatility.

The Total PRIT fund market value for this fiscal year was \$95.2B as of 9/30/23, and in December the overall value of the fund hit \$100 B. The US equity market in part contributed to this increase in value.

Long term, PRIT is required to have at least a 7% rate of return. On an annualized basis, the one-, three- and ten-year returns all exceed that number. Global equity returned 21.5% for the one year ended September 30, 2023. Commercial real estate still has challenges post pandemic, and equities and fixed income were in a strong position this year.

Overall, PRIT's performance strategy has been to be diverse with numerous allocations. As noted, equities have been strong, but U.S. strips, or long bonds, decreased in value with rising interest rates but now with the recent decrease in interest rates, they are performing much better. The various allocations have worked well together, and diversification should continue to add value over the long term.

Mr. Taylor asked about fees, and the response was that fees were 50 basis points for investment management. Mr. Taylor also asked how the portfolio was constructed assuming a target of 7% and a brief discussion ensued. Mr. McElroy said avoiding a drawdown is also taken into consideration. U.S. strips make up 1-1.5% of the portfolio.

Ms. Strickland briefly discussed the Andover Retirement System's net of fees returns including a look back to the inception date of 2004. Ms. Strickland said there was additional information in the appendix of the report which described the PRIT fund asset class in detail and encouraged the Board to contact Mass PRIM if there were any further questions. She then thanked the Board for its partnership and trust.

Ms. Green asked whether there might be changes in the near future to prepare for market uncertainty. Mr. McElroy said one strategy would be to look at fixed income and bonds. The strategy is to implement incremental asset allocation changes without drawdowns, while ensuring 7% target returns.

Ms. Kothman said that when the town issued the POB, an investment committee was created, and those committee members recently brought up the idea of looking into private debt. Ms. Kothman said this was an area she was not familiar with and asked whether Mr. McElroy could talk about private debt. Mr. McElroy said private debt is a privately negotiated bond, or a contract, whereby the terms and payback dates of a loan are set out and agreed to. There is somewhat of a higher risk with private debt, but it is basically structured the same as public debt. Mr. Taylor asked if bank loans are private debt, they are, and further asked whether there was a sleeve allocation for it, and Mr. McElroy said there was no sleeve, but there was some private debt in value added income.

Ms. Kothman noted the difference in the fund's value from the 3rd quarter report currently being reviewed (4.56%) and the 11/30/2023 PRIT Statement just received (8.18%). Mr. McElroy stated performance in the fourth quarter was very strong.

Ms. Green noted receipt of the following:

- PRIM Performance Measurement 10/31/2023
- PRIM GIPS Asset Owner Report
- PRIM Annual Comprehensive Financial Report FY2023

Dahab Associates:

Mr. McNeillie said although he did not have a prepared report, Mr. Condry, also from Dahab, analyzed the last quarter's returns using indices and target allocation through the 19th of December which showed the fund is up 7.3% quarter to date.

Statements:

MMDT:

It was moved by Mr. Teichert, seconded by Mr. Taylor, and voted 5-0 to approve the MMDT statement for 11/30/2023.

MassPRIT:

It was moved by Ms. Kothman, seconded by Mr. Teichert, and voted 5-0 to approve the Mass/PRIT statements for 10/31/2023 and 11/30/2023.

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 11/30/2023.

Ms. Kothman noted RhumbLine's small and mid-cap had not performed as well through November 30, 2023 and Mr. McNeillie responded that looking at the last quarter shows small cap up 14 and mid cap up 12, so they should look better this quarter. Ms. Kothman also asked if she should use value added fixed income when cash is needed for operating expenses, and Mr. McNeillie responded yes, or use cash from MMDT.

MassPRIM/PRIT:

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

It was moved by Mr. Teichert, seconded by Ms. Lockhart, and voted 5-0 to approve the wire transfer of \$1,025,000.00 for December operating expenses.

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

12(2)(d) case - son of Nancy J Anderson:

Ms. Green explained that this case was initially brought up at the September Board meeting. She said Nancy Anderson passed away on 08/02/2023 as an active member, and the Board had some question for PERAC regarding her son, Christopher, who was both the beneficiary and witness on her beneficiary forms. PERAC reviewed the matter and felt it was Ms. Anderson's intention to provide her son, Christopher, with the Option D benefit, although it is not good practice to have a designated beneficiary also be the witness. The Board reviewed the case and PERAC's response.

It was moved by Ms. Kothman, seconded by Mr. Teichert, and voted 5-0 to approve benefits for Christopher D. Anderson under Mass General Laws, Chapter 32, §12(2)(d).

Minutes:

It was moved by Mr. Teichert, seconded by Ms. Lockhart, and voted 5-0 to approve the minutes of November 16, 2023.

Monthly Payroll:

It was moved by Ms. Lockhart, seconded by Mr. Teichert, and voted 5-0 to approve the following:

November 2023	Annuity	322,257.19		
	Pension	1,305,145.04	Total	1,627,402.23
December 2023	Annuity	324,312.86		
	Pension	1,309,756.12	Total	1,634,068.98

It was noted the November monthly payroll figure was updated since the last meeting due to the death of a retiree on 11/01/2023.

Expenses - December expense warrant #2023-12

Amesbury Retirement - Transfer out: Acct of Meagan Facella	66,544.70
Deds = 9% = \$63,451.42, 2% = \$1,598.66, interest = \$1,494.62	
Total Cred Serv = 23.5000 years	
MTRS = 09/01/1999-12/23/2005 = 6.000 years	
Essex Regional = 01/03/2006-06/30/2014 = 8.6667 years	
Andover = 08/25/2014-06/30/2023 = 8.8333 years	
Essex Regional Retirement - Transfer out: Acct of Deana N Gilbride	15,756.63
Deds = 9% = \$15,368.35, 2% = \$9.36, interest = \$378.92	
Total Cred Serv = 10.1667 years	
Andover = 09/01/2003-01/15/2009 = 5.3333 years	
Andover = 04/26/2010-03/16/2015 = 4.8333 years	
Essex Regional Retirement - Transfer out: Acct of Vincent Mitrano	36,240.89
Deds = 9% = \$33,216.87, 2% = \$2,918.30, interest = \$105.72	
Total Cred Serv = 7.0833 years	
State = 11/29/2015-04/05/2016 = 0.3333 years	
Somerville = 01/03/2017-11/05/2021 = 4.8333 years	
Andover = 11/16/2021-11/15/2023 = 1.9167 years	
Konica Minolta Business Solution, BW & Color Copies	28.56
Konica Minolta Premier Finance, monthly fee	168.00
Elena Kothman - ET digital access reimbursement for November	29.99
MTRS - Transfer out: Acct of Colleen O'Hearn	20,557.39
Deds = 9% = \$19,952.02, 2% = -\$37.45, interest = \$567.92	
Total Cred Serv = 10.5000 years	
Essex Regional = 12/02/1999-06/30/2001 = 1.5000 years	
Middlesex County = 06/25/2001-08/31/2004 = 3.1667 years	
Andover = 08/29/2016-06/30/2022 = 5.8333 years	
Refund: Acct of Myles T Costello	3,825.31
Deds = 9% = \$3,317.81, 2% = \$323.77, interest = \$183.73 (forf int \$685.90)	
Cred Serv = .5833 years = 10/27/2014-06/25/2015	
Refund: Acct of Jeffrey Gil	15,120.16
Deds = 9% = \$13,079.10, 2% = \$750.57, interest = \$1,290.49	
Total Cred Serv = 3.8333 years	
Lawrence = 09/18/2017-05/03/2019 = 1.5833 years	
Andover = 05/09/2019-05/11/2020 = 1.0000 years	
Andover = 06/08/2020-09/21/2021 = 1.2500 years	
Refund: Leary, Christopher, deductions error (coaching stipend)	350.91
Refund/Rollover: Acct of James Nault (FBO Colleen Nault)	8,974.29
Deds = 9% = \$8,292.92, 2% = \$674.48, interest = \$6.89	
Cred Serv = 08/30/2021-08/07/2023 = 1.9167 years	
Refund: Reardon, Connor, deductions error (coaching stipends & retro)	282.80
The Law Offices of Michael Sacco, November 2023	1,036.00
Town of Andover:	
Elena Kothman	8,649.80
Helen Armano	6,614.36
Vincent Malgeri	1,589.16
Susan McKelliget (11/16/2023)	250.00
Total Salaries:	17,103.32
Town of Andover:	
Hayley Green	250.00
Michael Morse	250.00
Total Stipends:	500.00
WB Mason, Misc Office Supplies	110.32
Winchester Retirement - Transfer out: Acct of Ashley Botelho	409.27
Deds = 9% = \$408.48, 2% = \$0.00, interest = \$0.79	
Cred Serv = 04/05/2021-08/31/2021 = 0.3333 years	
Total expenses - Warrant #2023-12:	187,038.54

It was moved by Mr. Teichert, seconded by Ms. Lockhart, and voted 5-0 to approve the total expenses of \$187,038.54 as printed in warrant #2023-12. 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 - November 2023:

Town	329,448.41	
School	190,270.24	
AHA	4,639.48	
Total employee contributions:		524,358.13

Misc Receipts

Retirement Deduction payments rec'd re vacation sell back-M Mansfield 786.06

Transfers in:

Christine McAuliffe, School, from Haverhill Retirement 51,747.63
 Deds = 9% = \$47,437.71, 2% = \$3,629.04, interest = \$680.88
 Total Cred Serv = 12.5833 years
 Haverhill = 01/18/2008-09/07/2012 = 1.5833 years
 Haverhill = 09/10/2012-09/22/2023 = 11.0000 years

Charlotte Devir, School, from Plymouth County Retirement 11,140.37
 Deds = 9% = \$10,992.90, 2% = \$70.82, interest = \$76.65
 Total Cred Serv = 5.5000 years
 Plymouth County Ret = 12/13/2003-06/30/2005 = 1.5000 years
 Lexington = 09/23/2013-11/24/2015 = 2.1667 years
 Plymouth County Ret = 08/31/2021-06/30/2023 = 1.8333 years

Douglas Heim, Town, from Arlington Retirement 161,999.57
 Deds = 9% = \$138,073.54, 2% = \$23,136.47, interest = \$789.56
 Total Cred Serv = 12.4167 years
 Boston = 03/14/2011-12/12/2013 = 2.6667 years
 Arlington = 12/16/2013-10/06/2023 = 9.7500 years

Tristan Hoare, Town, from Melrose Retirement 41,070.99
 Deds = 9% = \$38,341.34, 2% = \$2,573.64, interest = \$156.01
 Total Cred Serv = 9.6667 years
 Essex Regional Ret = 12/02/2013-11/29/2019 = 5.9167 years
 Middlesex County Ret = 12/02/2019-08/30/2021 = 1.6667 years
 Melrose = 08/30/2021-10/16/2023 = 2.0833 years

Transfers In total: 265,958.56

It was moved by Mr. Lockart, seconded by Mr. Teichert, and voted 5-0 to approve transfers received in the total amount of \$265,958.56.

Total Receipts: 791,102.75

Intent to Retire:

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

Robert Charette, Town/DPW, DOR 12/31/2023, Cred Serv = 22y, Superannuation
 Edward Higginbottom, Town/Police, DOR 01/04/2024, Cred Serv = 13y, 7m, Superannuation
 Nicholas Ellis, AHA, DOR 01/05/2024, Cred Serv = 35y, 9m, Superannuation

Deaths:

The Board was informed of the following death, and Ms. Green expressed her condolences. Ms. Green also noted there was a change in the November payroll due to this death.

James R Hadad, Town/Fire, DOD 11/01/2023, DOE 01/03/1971, DOR 12/31/1990

The Board was informed of the following:

Retirement Allowance Calculation approved by PERAC:

Doreen Bille, School, DOR 11/10/2023, Cred Serv = 24y, Superannuation

	<u>Annual</u>	<u>Monthly</u>
Allowance	48,168.36	4,014.03

Report from the Executive Director:

PERAC memos: 26-2023 - Pension fraud prevention campaign posters distributed; 27-2023 - notice of option to stop contributions upon turning age 70 - no one impacted so not applicable; 28-2023 - Annual memo re: Disability data changes - must comply by mid-January; 29-2023 - tobacco company list - Andover complies; 30-2023 - Board member training opportunities for 1st quarter 2024.

PERAC email dated 11/28/2023: Retirement Board elections - regarding notification to retirees, active and inactive members - Andover complies.

PERAC FY2025 Appropriation memo - annual appropriation memo, distributed to interested parties.

Mass Retirees *The Voice November* 2023 - tax relief for seniors, COLA issues

2024 Town Calendar

KMS Actuaries email dated 12/12/2023 re Andover Ret Asset Allocation 2022 to auditor
 (for GASB 67/68 as of 12/31/2022 report)

Receipt of Draft Auditor's 805 Report for 12/31/2022

Cash/Accounting:Cash Books:October 2023:

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

Cash balance:

It was moved by Mr. Teichert, seconded by Ms. Lockhart, and voted 5-0 to approve the cash balance in Bank of America as of December 21, 2023 - \$13,900.26.

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

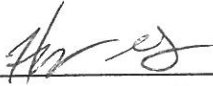
Next Meeting date:

Thursday, January 25, 2024, at 8:30 AM - 2nd floor Conference room of Town Offices


Adjourn to Executive Session:

It was moved by Ms. Kothman, seconded by Mr. Teichert, and voted 5-0 to adjourn the regular session at 9:20 A.M. and enter Executive Session to discuss a matter pursuant to MGL, c30A, §21(a)(7) to comply with, or act under the authority of any general or special law, i.e., MGL c12A, §9 and to take an appropriate action related thereto, without intent to return to regular session.

Roll call: Ms. Kothman, yes; Mr. Teichert, yes; Ms. Lockhart, yes; Mr. Taylor, yes; Ms. Green, yes.



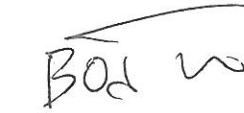
Hayley S. Green



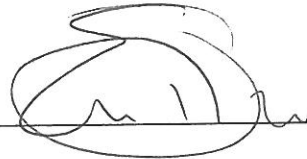
Elena M. Kothman



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 FY23
PRIM 3rd Q 2023 Update
MMDT Statement
PRIT Statement
RhumbLine Statements
Wire transfer confirmations
Anderson 12(2)(d) case
Unofficial Minutes 11/16/23
Monthly Payroll
Expenses
Receipts
Transfers in
Intent to Retire
Deaths
PERAC Memos 26-30/2023
PERAC Email dated 11/28/23 re RB Election Notice
PERAC FY25 Appropriation Memo
2024 Town Calendar
KMS email re Andover Ret Asset Allocation 2022 to Auditor (GASB 67/68)
Receipt of Draft Auditor's 805 Rpt for 12/31/2022
Cash Books - October 2023
Cash flow forecast December 2023