

The meeting of the Andover Contributory Retirement Board was called to order on Thursday, February 22, 2024, at 8:30 A.M. in the second-floor conference room at the Andover Town Offices. 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 Condly of Dahab Associates.

Ms. Green opened the meeting and introduced Mr. Kevin Condly from Dahab Associates.

Investments:

Dahab Associates

Mr. Condly gave a presentation on the Andover Contributory Retirement System Performance Review for 2023. He began the discussion by saying markets are flat, with large cap stocks continuing to do well, and small and mid- cap stocks having mixed results. Real estate has fallen a bit, but there may be changes in the next six months or so. Fixed income yields have risen, resulting in fixed income being down a bit. The fourth quarter was hot with basically all earnings taking place in December.

Mr. Condly directed members to the performance summary within the Executive Summary of the report which showed total portfolio for the PR IT fund at 6.5% for the last quarter with a ranking in the 80th percentile. Andover's total portfolio is a bit more conservative than PRIT. Private equity across the board did not do as well relative to public assets.

Ms. Green asked whether the lag with private equity numbers might show a different result in the next quarter, and Mr. Condly responded that evaluations are happening at different times---there is a smoothing out process, and an up-tick is expected in the next quarter.

Mr. Condly also noted that distributions from companies have slowed somewhat, and returns will come from capital appreciation. Although private credit seems to be the "hottest asset" class at the moment, it is expensive and there are other aspects which make it an inappropriate fit for Andover's portfolio.

The overall market, economic picture, looks good with strong GDP growth. For the current quarter, GDP growth is at 3.3%, and unemployment is still low at 3.7%. It is likely the Federal Reserve may cut rates 4 or 5 times over the next year. Although there has been a slight uptick in credit card delinquencies and mortgage defaults, it has not had much of a negative impact to date.

Mr. Condly said they are watching new inflation totals, and although there has been a resurgence in China, international markets continue to trail U.S. The top 10 companies are creating most of the new businesses with AI playing a major part in this growth/demand.

PRIT discussed adding an active large cap piece to their portfolio based on an academic model which will be managed by RhumbLine. Mr. Taylor asked how much allocation is being considered for this change in the portfolio, and Mr. Condly responded the actual amount is unknown at this time, but it may be 10% of the "passive piece". It is designed to take different macro signals to determine the amount of risk to add to the portfolio. Mr. Condly will send minutes from the last PRIM Board meeting that discussed this topic to the Retirement Board. Mr. Condly noted that cash, real estate, and fixed income are all yielding roughly 5% at this time. Mr. Condly added he is planning to attend the MACRS conference this year. (See below for info on this conference) *

The Board noted PERAC's acknowledgement of Dahab Associates Annual Vendor Disclosure.

Statements:MMDT:

It was moved by Ms. Kothman, seconded by Mr. Teichert, and voted 5-0 to approve the MMDT Statement for 01/31/2024.

MassPRIT:

MassPRIT Statement for 01/31/2024 was not available in time for this meeting, therefore, the vote will be taken next month.

RhumbLine:

It was moved by Ms. Kothman, seconded by Mr. Teichert, and voted 5-0 to approve the following RhumbLine Statements received Mid Cap 400 & Small Cap 600 - 01/31/2024.

MassPRIM/PRIT:

It was moved by Ms. Lockhart, seconded by Mr. Teichert, and voted 5-0 to confirm the wire transfer of \$1,450,000.00 for January operating expenses.

It was moved by Ms. Lockhart, seconded by Mr. Teichert, and voted 5-0 to approve a wire transfer of \$1,200,000.00 for February operating expenses.

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

Ms. Green noted receipt of RhumbLine's 2023 Proxy Statements (Small Cap & Mid Cap) and the 2024 Proxy voting policy summary.

Minutes:

It was moved by Mr. Teichert, seconded by Mr. Taylor, and voted 4-0-1 to approve the January 25, 2024, minutes. Ms. Lockhart abstained as she was not at that meeting.

Monthly Payroll:

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

February 2024	Annuity	328,404.58		
	Pension	1,317,218.99	Total	1,645,623.57

Expenses - February expense warrant #2024-02:

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

Brookline Retirement	922.95
Haverhill Retirement	1,702.21
Lexington Retirement	5,161.54
Lowell Retirement	3,153.43
MWRA Retirement	1,226.51
Newburyport Retirement	5,185.28
Peabody Retirement	11,213.09
Plymouth County Retirement	2,431.80
Reading Retirement	227.61
Worcester Regional Retirement	7,490.40

Total 3(8)(c): 38,714.82

Konica Minolta Premier Finance, monthly fee		168.00
Elena Kothman - ET digital access reimbursement for January		29.99
MACRS, 2024 dues		650.00
Marblehead Retirement - Transfer out: Acct of Thomas J Howard		99,465.98
Deds = 9% = \$85,656.74, 2% = \$13,374.35, interest = \$434.89		
Total Cred Serv = 9.2500 years		
State Retirement = 02/10/2014-12/31/2021 = 7.8333 years		
Andover = 01/04/2022-06/08/2023 = 1.4167 years		
MTRS - Transfer out: Acct of Heather A Howell		27,787.97
Deds = 9% = \$26,593.58, 2% = \$1,058.21, interest = \$136.18		
Total Cred Serv = 9.5833 years		
Andover = 09/01/2012-09/01/2016 = 4.0000 years		
Andover = 01/16/2017-08/25/2022 = 5.5833 years		
Shah, Sabba, Refund retirement deds withheld in error		574.84
The Law Office of Michael Sacco, P.C. - January 2024		330.00
Town of Andover:		
Elena Kothman	10,812.25	
Helen Armano	8,267.95	
Vincent Malgeri	1,986.45	
Susan McKelliget (01/25/2024)	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		148.11

Total expenses - Warrant #2024-02:

189,686.36

It was moved by Mr. Teichert, seconded by Ms. Lockhart, and voted 5-0 to approve the total expenses of \$189,686.36. 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:

Town	272,780.09	
School	123,092.17	
AHA	4,382.22	
	Total employee contributions:	400,254.48

Misc Receipts:

Amesbury 3(8)(c) payment rec'd	1,547.20
Beverly 3(8)(c) payment rec'd	1,980.33
Danvers 3(8)(c) payment rec'd	39,831.70
Hull 3(8)(c) payment rec'd	3,556.42
Lawrence 3(8)(c) payment rec'd	48,992.67
Lexington 3(8)(c) payment rec'd	1,035.50
Lowell 3(8)(c) payment rec'd	49,559.45
Malden 3(8)(c) payment rec'd	982.20
Melrose 3(8)(c) payment rec'd	3,495.83
Methuen 3(8)(c) payment rec'd	12,902.24
Newton 3(8)(c) payment rec'd	1,642.33
Norfolk County 3(8)(c) payment rec'd	9,124.12

Reading 3(8)(c) payment rec'd	32,818.16	
Salem 3(8)(c) payment rec'd	5,092.36	
Somerville 3(8)(c) payment rec'd	3,608.54	
	Total 3(8)(c):	216,169.05

Transfer In:

Joseph Nunez-Roman, Town, from State Retirement	25,207.07
Deds = 9% = \$22,741.96, 2% = \$2,420.19, interest = \$44.92	
Total Cred Serv = 3.7500 years	

It was moved by Ms. Kothman, seconded by Mr. Teichert, and voted 5-0 to approve the transfer in equaling \$25,207.07.

Total Receipts: 641,630.60

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

Makeup Request:

Anne Napolitano - request to buyback prior refunded service
 Total Cred Serv = 4y, 5m, 12d
 09/13/1999-09/01/2001 = 1y, 11m, 18d
 09/01/2010-05/06/2011 = 0y, 8 m, 5d
 11/12/2012-09/01/2014 = 1y, 9m, 19d

Deaths:

The Board was informed of the following deaths, and Ms. Green expressed her condolences:
 Barbara Ferris, School, DOD 01/31/2024, DOE 09/24/1970, DOR 05/04/1996
 Richard Merola, Town/Fire, DOD 02/11/2024, DOE 01/28/1962, DOR 06/01/1998

The Board was informed of the following:

Retirement Allowance Calculations approved by PERAC:

Edward Higginbottom, Town/Police, DOR 01/04/2024, Cred Serv = 13y, 7m, Superannuation

	<u>Annual</u>	<u>Monthly</u>
Allowance	19,288.08	1,607.34

Nicholas Ellis, AHA, DOR 01/05/2024, Cred Serv = 35y, 9m, Superannuation

	<u>Annual</u>	<u>Monthly</u>
Allowance	54,349.56	4,529.13

Anne Berthold, Town/Assessors, DOR 01/13/2024, Cred Serv = 24y, 2m, Superannuation

	<u>Annual</u>	<u>Monthly</u>
Allowance	40,838.04	3,403.17

Kurt Kefferstan, Town/WTP, DOR 01/13/2024, Cred Serv = 25y, 5m, Superannuation

	<u>Annual</u>	<u>Monthly</u>
Allowance	43,094.16	3,591.18

Report from the Executive Director:

PERAC Pension Newsflash 02/15/2024 - Commission appoints Bill Keefe - former Assistant-Deputy Director as new Executive Director replacing John Parsons.

PERAC memos: 7/2024--makeup buyback and repayment worksheets; 8/2024-COLA based changes electronically through Prosper; 9/2024 data to actuary will be done after year closed out.

Board members were reminded to submit their SFI by 05/01/2024 to Prosper.

Mass Retirees *The Voice* March 2024—Ralph White a co-founder of Mass Retirees, passed away; COLA study commission for the State and MTRS will be created; GIC insurance for state employees-- no changes, Mass Retirees area meetings have restarted with great attendance since Covid, a social security update on WEP; Mass Retirees encourage the State to participate in a Medicare buy in plan for potential cost savings, and the State Retirement System's latest actuarial valuation showed COVID impacted number of retiree deaths (increased).

Powers & Sullivan memo dated 02/01/2024 re merged with Marcum LLP

Sacco memo dated 02/01/2024 re Staffing Announcement-- Christopher Collins, Esq will be a principal in the firm.

Sacco All Client Memo re recent decision Military Service & Substitute Teaching Service—unclear how it impacts Andover - Ms. Kothman will discuss further with Attorney Sacco.

Ms. Kothman informed the Board the annual Spring MACRS Conference will be held in Hyannis, MA - Saturday 06/01 - Wednesday, 06/05/2024 which includes Trustees Educational Training Sessions (TEDS).

Retirement Board fifth member/election:

Ms. Green stated Mr. Taylor's term expires April 3, 2024 and asked if he was interested in renewing his term as the Board's fifth member. Ms. Green said she feels Mr. Taylor has been a valuable member with significant input and would like to see him renew his term. Mr. Taylor responded that he is interested in renewing his term and members acknowledged Mr. Taylor as being a valued member of the Board and were pleased he wishes to stay on.

Ms. Kothman explained the position must be advertised, and the Board has to wait until Mr. Taylor's term actually expires before re-appointing him. Ms. Lockhart asked if the opening will be advertised in the Eagle Tribune or Andover Townsman. Ms. Kothman suggested posting the opening only with PERAC since the Board would like to renew Mr. Taylor's term. It was noted the advertisement requests submission of cover letters and résumés by Friday, March 22, 2024, in time for the Board's March 28, 2024 meeting.

Ms. Lockhart asked when the Select Board might be involved in an appointment to the Retirement Board. Ms. Kothman said the Select Board is allowed to appoint one member, which was Ms. Lockhart. When it comes to the fifth member position, the other four Retirement Board members appoint the fifth member, but if they do not agree; if it is a tied vote, and a decision is not made within 30 days of the existing member's expiration date, the decision goes to the Select Board.

Ms. Kothman will submit the fifth member advertisement to PERAC after this meeting. It was moved by Mr. Teichert, seconded by Ms. Lockhart, and voted 5-0 to forward the posting to PERAC. Ms. Kothman will forward any résumés that come in during the next 30-day period to the Board.

Ms. Green then said that Mr. Teichert's term as an elected member expires June 16th, and the Board needs to vote on both an election timeline and an election officer.

Ms. Green noted that Ms. Armano has been the election officer for past elections and asked Ms. Armano if she would be willing to continue in the role and Ms. Armano agreed to do so.

It was moved by Mr. Taylor, seconded by Ms. Lockhart, and voted 5-0 to re-appoint Ms. Armano as election officer.

The Board reviewed the election timeline proposed and Ms. Green asked the Board for a vote.

The proposed election timeline is as follows:

- Mr. Teichert's term expires on 06/16/2024.
- suggested election date is 06/13/2024 (Thursday)

- send out 1st notice of election at least 90 days prior to election date (3/13/2024)
- nomination papers due Friday, 04/26/2024 at 12 Noon - at least 45 days prior to election
- election date scheduled for Thursday, 6/13/2024
- all ballots must be postmarked by Thursday, June 13, 2024

It was moved by Ms. Kothman, seconded by Ms. Lockhart, and voted 5-0 to approve the election timeline. Ms. Green praised Mr. Teichert for his work as a Board member and said she would like him to run for re-election.

Ms. Lockhart asked about the level of public interest in these Board positions and Ms. Kothman said there has not been an election since 2010, and typically there is not a lot of interest in seeking this volunteer position. She said notification of elections goes to all retirees as well as active and inactive members of the system.

Cash/Accounting:

Cash Books:

November 2023:

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

December 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 Ms. Lockhart, seconded by Mr. Teichert, and voted 5-0 to approve the cash balance as of February 22, 2024, Bank of America \$24,213.02.

Ms. Green said the Cash Flow Forecast for February 2024 seemed to be missing from her packet. Other Board members agreed, and Ms. Kothman commented she also didn't receive the Budget compared to actual report for 2023. It was decided to email the documents to the Board members.

Ms. Kothman said she was pleased the numbers came in \$40K under budget, and if investments are included, \$45K under budget.

Next Meeting date:

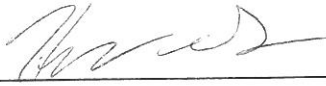
Ms. Green announced the next Retirement Board meeting is scheduled for Thursday, March 28, 2024, at 8:30 A.M. - 2nd floor Conference room.

Other Business before the Board:

Ms. Green reminded the Board they asked to insert a warrant article for the Town meeting pertaining to Indemnification for Retirement Board members under Massachusetts law--C.32 s. 20A. This article will be discussed by the Select Board on March 4th for their review. Ms. Green is putting together a presentation for this meeting, which she will be attending with Ms. Kothman. Ms. Green said if other Board members wish to be involved in the presentation and /or wish to attend the meeting to let her know as more than two Board members attending require posting. Ms. Green will send the power point presentation to Board members prior to the meeting.

Adjourn:

It was moved by Ms. Lockhart, seconded by Mr. Teichert, and voted 5-0 to adjourn the meeting at 9:10 A.M.



Hayley S. Green



Elena M. Kothman



Deidre Lockhart



Blackwell O.J. Taylor



Eric J. Teichert

Documents:

Dahab Associates 4th Q 2023 Performance Review
 PERAC Acknowledgement of Dahab Associates
 Annual Vendor Disclosure on 2/21/24
 MMDT Statement
 PRIT Statement
 RhumbLine Statements
 Wire transfer confirmations
 2023 Proxy Statements (Sm & Mid Cap)
 2024 Proxy voting policy summary
 Minutes 01/25/24
 Monthly Payroll
 Expenses
 Receipts
 Transfers in
 Makeup Request
 Deaths
 PERAC Pension Newsflash
 PERAC Memos 7-9/2024
 Mass Retirees The Voice March 2024
 Powers & Sullivan memo merged with Marcum LLP
 Sacco Memo re recent decision Military Service & Substitute Teaching
 MACRS Conference
 Retirement Board 5th member
 Elected Member Proposed Election Timeline
 Cash Books - November & December 2023
 Cash flow forecast February 2024
 Budget compared to actual
 2023 Annual Statement & Supplementary Schedule