

Belmont Contributory Retirement Board

Minutes of Meeting of July 25, 2022

Meeting Conducted Pursuant to Chapter 22 of the Acts of 2022

Board Members Present: Thomas Gibson, Chair; Floyd Carman (remote); Ross Vona; Walter Wellman (absent); Glen Castro (remote).

Staff Present: Robert Soohoo; Ryan Horan.

Guests (remote): Scott Driscoll, NEPC; James H. Quirk, Jr., Esq., Board Counsel; Kathy Riley, SEGAL; Emily Margolis, AEW; Sara Cassidy, AEW; Kevin Dunne, PIMCO; Chris Row, HarbourVest; Dana Harrington, Belmont Firefighter; Michael Akashian, Attorney for Mr. Harrington.

Identified Public Attendees (remote): Ted Pendergast, Operations Manager, Public Safety Communications; Cyril Espanol, With.Intelligence; Gar Chung, Financial News; Jennifer Hewitt, Assistant Town Administrator; Roy Epstein, Town Select Board; Aaron Baez (Intern PIMCO); Aryan Ahuja (Intern PIMCO); Avanthika Panchapakesan (Intern PIMCO).

Mr. Gibson called the meeting to order at 9:15 am and introduced all attending guests.

Board Meeting Minutes: The Board reviewed the June 27, 2022 Board Meeting Minutes and the July 11, 2022 Special Board Meeting Minutes.

Motion by Mr. Vona, seconded by Mr. Carman, to approve the June 27, 2022 Board Meetings Minutes and July 11, 2022 Special Board Meeting Minutes.

Roll Call:

Mr. Castro	Yes
Mr. Vona	Yes
Mr. Carman	Yes
Mr. Gibson	Yes
Mr. Wellman	Absent

The Motion passed.

Presentation by Segal: Kathy Riley presented the preliminary results of the System valuation as of January 1, 2022. The previous two years have shown impressive investment growth. However, the valuation does not reflect the volatile market environment in 2022. Ms. Riley discussed the effects of the decrease in the number of active members, and other demographic changes occurring since the 2020 valuation. The investment gains over the past 2 years were reviewed. Two funding schedules were presented based on prior discussions, one reducing the assumed rate of investment return to 7% and the other to 6.9%, both of which allows for a reduction in the schedule of one year. The Board will review and finalize a funding schedule at its August meeting. The Chairman will solicit input from the Town and the Warrant Committee.

Kathy Riley exited the meeting at 10:17 AM.

AEW Annual Review: Emily Margolis reviewed the company in general and investment performance over the last year. The AEW Core Property Fund reported a one-year net return of 27.3%, and showed a 97% occupancy rate, which helps drive returns. Adjusting sector allocations in 2021 will help sustain performance through a down economy. Area locations were reviewed with the emphasis on high quality areas. Currently, the fund is overweight to industrial real estate which is felt to be productive for the future. AEW is focused on quality and durability within the portfolio. Ms. Margolis discussed AEW's ESG plus R (Environmental, Social, Governance plus Resilience) concerns and accomplishments.

Sara Cassidy and Emily Margolis left at 10:48 AM

PIMCO Annual Review: Kevin Dunne reviewed PIMCO's allocation among different classes. The strategy is tactical and advantageous in finding the most value. The fund has recently started investing more in bonds, seeking to add value and reduce volatility. Mr. Dunne noted the fund's short term performance issues, but emphasized the fund's performance since inception. The fund has historically bounced back strongly following periods of loss and is stable to rising inflation, upward revaluation of value stocks and outperformance in volatile markets. Those three indicators show that the plan is poised to perform well going forward.

Kevin Dunne exited the meeting at 11:08 AM.

Review of Investments with NEPC: Mr. Driscoll reviewed the System's investment performance through June 2022, and the two managers who presented today. The current down markets have affected each of the different benchmarks, and inflation has been affecting the markets. Bond yield curves have changed in recent months. The plan is down 9.3% net of fees thus far in 2022. Mr. Driscoll reminded the Board that GoldenTree is awaiting regulatory approval by PERAC. Mr. Soohoo discussed investing the recently received first half FY 2023 appropriation funds.

Motion by Mr. Vona, seconded by Mr. Carman, to approve investing the first half FY 2023 appropriation funds based on NEPC's recommendation (TBD).

Roll Call:

Mr. Castro	Yes
Mr. Vona	Yes
Mr. Carman	Yes
Mr. Gibson	Yes
Mr. Wellman	Absent

The Motion passed.

Robert will invite the BHA Chairman to the August Board meeting to discuss issues with their appropriation payments.

Future Meeting Dates: August 29, 2022; September 19, 2022; October 24, 2022; November 21, 2022.

Scott Driscoll exited the meeting at 11:36 am.

Board Counsel Report: Mr. Quirk reported on the Legislature’s recent extension of the open meeting law waivers until 03/21/2023, allowing for remote participation. He also sent out information for how ESG is affecting the investment market. Mr. Quirk provided an update on the Dispatchers’ Group 2 supplemental regulation that has been submitted to PERAC.

Report of the Executive Director: Mr. Soohoo updated the Board regarding a previous member who worked as a full-time employee but then went part-time and fell below the \$5,000.00 annual minimum for creditable service. Mr. Gibson advised that the member cannot receive creditable service for period. Mr. Soohoo inquired if per diem dispatchers working another job can have their additional compensation considered pensionable earnings. Mr. Gibson advised that no deductions from compensation earned for sporadic and non-predictable employment. Mr. Soohoo informed the board that all eligible recipients will be getting the COLA increase this month. Affidavit update - Mailed mid-June and more than 90% have already been returned.

Motion by Mr. Vona, seconded by Mr. Carman, to change the practice of sending a Notices of Deposit monthly to sending notices only when the amount changes as well as at year-end.

Roll Call:

Mr. Castro	Yes
Mr. Vona	Yes
Mr. Carman	Yes
Mr. Gibson	Yes
Mr. Wellman	Absent

The Motion passed.

Website Update: The new website has been made live and linked to the Town’s website. Notices will be disseminated to active and retired members this month.

Update of cash books: Cash Books have been completed for May and will be submitted to PERAC. Bank reconciliation was completed through May of 2022, pending approval from the Treasurer. June’s cash has been balanced internally.

Review of the 2022 Expense Budget: The Board reviewed the Expense Budget through June of 2022.

Motion by Mr. Vona, seconded by Mr. Carman, to approve the July Expense Warrant and July Payroll Warrants.

Roll Call:

Mr. Castro	Yes
Mr. Vona	Yes
Mr. Carman	Yes
Mr. Gibson	Yes
Mr. Wellman	Absent

The Motion passed.

Correspondence Received: None.

Public Records Requests: Bloomberg asked for Q1 2022 returns. With.Intelligence and Financial News asked for Special Meeting Documents.

PERAC Memos: The Board reviewed PERAC memo #17-#20 of 2022. Memo #17 is the Q3 2022 training schedule. PERAC Memo #18 noted the upcoming expiration of the open meeting law waiver. PERAC memo #19 is notice of the extension of open meeting law waiver. PERAC memo #20 is a notice for a new form for reinstatement (Section 105).

Enrollment of New Members

<u>Name</u>	<u>Mem Date</u>	<u>Position</u>	<u>Department</u>	<u>Group</u>
Lindsey Sharp	07/01/2022	Public Health Agent	Health	1
Marc Todisco	11/22/2021	HMEO/Laborer	Highway	1
Daniel Dunajski	02/16/2021	1 st Class Line Worker	ELD	4
Scott Lelievre	07/05/2022	Desktop Support Tech	IT	1
Ryan Shea	08/01/2022	Police Officer	Police	4
Connor Shea	08/01/2022	Police Officer	Police	4
Michael Shea	08/01/2022	Police Officer	Police	4

Buy Backs

<u>Name</u>	<u>Pay Date</u>	<u>Service Type</u>	<u>Years of Service</u>	<u>Retirement Board</u>	<u>Amount of Purchase</u>
Ryan McIntosh	TBD	Military Buy Back	4 Years, 0 Months	Belmont	TBD

Derek O'Rourke TBD Military Buy 0 Years, 10 Belmont TBD
Back Months

Motion by Mr. Vona, seconded by Mr. Castro, to approve New Member Enrollment and Purchases of Service.

Roll Call:

Mr. Castro	Yes
Mr. Vona	Yes
Mr. Carman	Yes
Mr. Gibson	Yes
Mr. Wellman	Absent

The Motion passed.

Chair's Report: Mr. Gibson reviewed inclusions in the State Budget Bill that would protect retirees from *Vernava* pension adjustments. He also discussed the potential COLA section providing for a one time increase in the COLA percentage amount for FY 2023. If enacted, Segal will be requested to provide a cost analysis. Another section changed the PRIM board appointment process for the public safety member, where the governor would choose from three public safety members submitted by MACRS. PRIM is embarking on a new ESG initiative.

Motion by Mr. Vona, seconded by Mr. Castro, to enter Executive Session under purpose 7 of Open Meeting Law.

Roll Call:

Mr. Castro	Yes
Mr. Vona	Yes
Mr. Carman	Yes
Mr. Gibson	Yes
Mr. Wellman	Absent

The Motion passed.

In Executive Session, the Board voted to accept the Medical Panel's findings regarding Dana Harrington, Belmont Firefighter, and to approve accidental disability. The Board's vote will be transmitted to PERAC for review and approval.

Motion by Mr. Vona, seconded by Mr. Carman, to Adjourn Meeting.

Roll Call:

Mr. Castro	Yes
Mr. Vona	Yes

Mr. Carman Yes
Mr. Gibson Yes
Mr. Wellman Absent

The Motion passed.

Meeting adjourns at 12:27 AM.

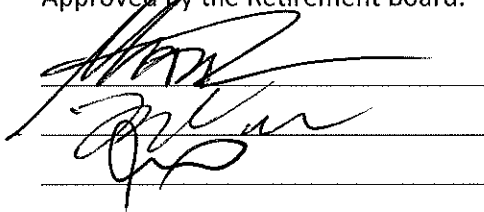
Documents Distributed:

July 25, 2022 Agenda
NEPC July 2022 Presentation
PERAC memo #17-#20 of 2022
AEW Presentation
PIMCO Presentation
SEGAL Preliminary Actuarial Valuation as of January 1, 2022

Respectfully Submitted,

Robert Soohoo
Executive Director

Approved by the Retirement Board:



Handwritten signatures of board members on a set of four horizontal lines.

August 29, 2022