

Pursuant to the March 12, 2020 Executive Order of the Governor Suspending Certain Provisions of the Open Meeting Law, members of the public can access the meeting only through telephone. Public access will be available by calling 312-626-6799; Meeting ID No.: 546 896 9127

Pursuant to a notice duly filed with the Town Clerk, a meeting of the Concord Retirement Board was held on Tuesday, January 26, 2021 at 8:30 a.m. via Zoom Meeting ID No.: 546 896 9127 – passcode 3068.

**Present:**  
**Peter J. Fulton, Chair, Elected**  
**Mary M. Barrett, Ex Officio**  
**Kerry A. Laffleur, Appointed**  
**Brian J. Whitney, Elected**  
**Arnold D. Roth, 5<sup>th</sup> Member, Appointed**

**Also Present:**  
**Linda A. Boucher, Retirement Administrator**  
**Anthony Tranghese, Investment Consultant, DiMeo Schneider & Associates**  
**Kathy Cucuolo, Finance Committee Observer**

**Chair Peter Fulton opened the meeting at 8:40 a.m.**

**The Board unanimously approved the December 22, 2020 meeting minutes.**

**The Board unanimously approved the December 31, 2020 retiree payroll as follows:**

Pension: \$695,606.93  
Annuity: \$178,922.12  
**Total Payroll: \$874,529.05**

**The Board unanimously approved the following expenses:**

Staples	Invoice No.: 1632502582	\$ 477.10
MACRS	2021 Retirement Board Dues	\$ 600.00
PTG, Inc.	2021 Annual Hosting Fee/ESS Portal/Imaging & Mgt.	\$31,805.00
ADP, Inc.	Invoice No.: 571088732	\$ 2,675.55
Linda Boucher	Zoom Invoice No.: INV586921531	\$ 15.93
Town of Concord	Telephone charges Nov.	\$ 22.61
Rhumblin	4 <sup>th</sup> Quarter 2020 Investment Advisory Fees	\$ 2,953.00
Stone Consulting, Inc.	Invoice Number: 07-122020	\$ 1,000.00
Wellington Management	Invoice No.: 20201231-105317-A (4 <sup>th</sup> Qtr. 2020)	\$22,542.72
Acadian	Invoice No.: I96408 (4 <sup>th</sup> Qtr. 2020)	<u>\$14,655.00</u>
<b>Subtotal:</b>		<b>\$76,746.91</b>

**The Board unanimously approved the following 3(8)(c) reimbursements:**

Newton Retirement System	Halloran, Russell; Mary Jo MacNeil	\$ 1,598.64
Marlborough Retirement System	Alfred Lima	\$ 6,150.86
Maynard Retirement Board	Robert Murphy; Charles Walsh	\$ 16,959.80
Pittsfield Retirement System	David Turocy	\$ 11,893.49
Plymouth County Retirement	Paul Ridley	\$ 5,249.29
Somerville Retirement System	Roy Roberts	\$ 2,920.67
Reading Retirement Board	Kenneth Evans	\$ 6,291.24
Peabody Retirement System	Richard Duggan	\$ 468.41
Waltham Retirement System	Joani Defino	\$ 2,800.69
Lowell Retirement System	Michael Silva	\$ 7,221.21
Middlesex Retirement System	Various Retirees	<u>\$111,277.71</u>
<b>Subtotal:</b>		<b><u>\$172,832.01</u></b>
<b>Grand total:</b>		<b><u>\$249,578.92</u></b>

**The Board unanimously approved the following new members:**

<u>Name</u>	<u>Unit</u>	<u>Department</u>	<u>Position</u>	<u>Hire Date</u>	<u>Group</u>
Jeffrey Bradley	School	CCRS	Bld. Svc. Worker	09/28/2020	1
Brittany O'Neil	Town	Police	Public Safety Disp.	12/17/2020	1
Meghan Curran	School	CPS	Student Supervisor	10/28/2020	1
Christopher Hunter	Town	Fire	Firefighter/EMT	08/10/2020	4
Zachery Faugno	Town	CPW	Environ./Reg. Coord.	12/07/2020	1
Donna Bowen	Town	CPW	Admin. Assist.	01/04/2021	1
Patrick Wood	Town	CPW	Public Works Eng,	01/06/2021	1

**The Board unanimously approved the following new retirements:**

<u>Name</u>	<u>Unit/Group</u>	<u>Department</u>	<u>Position</u>	<u>Retirement Date</u>	<u>Service</u>
Nancey Carroll	Town/1	CPW	Admin. Assist.	01/04/2021	13.5000
Linda Robbins	School/1	Transportation	Bus Driver	01/01/2021	46.7500
William Noke	Town/4	Fire	Firefighter/EMT	01/27/2021	34.9167

**The Board unanimously approved the following refund/rollover to member:**

<u>Name</u>	<u>Unit/Group</u>	<u>Department</u>	<u>Position</u>	<u>Amount</u>	<u>Service</u>
Jacqueline Moss	School/1	CPS	SPED Tutor	\$3,204.68	1.2500
<b>To IRS:</b>				<b>\$ 801.17</b>	

**The Board acknowledged there were no transfers to another system.**

<u>Name</u>	<u>Unit/Group</u>	<u>Department</u>	<u>Position</u>	<u>Amount</u>	<u>Service</u>
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**The respectfully acknowledged the following death:**

George Gower, Jr. – born on January 15, 1941. George became a member of the Concord Retirement System on September 8, 1970 as a Custodian for the Concord-Carlisle Regional School District. He retired on January 15, 2004 after more than 34 years of service to the community. George passed away on December 31, 2020 at the age of 79.

**INVESTMENT CONSULTANT REVIEW:**

Tony began his presentation with the December Flash Report. He noted that the quarterly detail report will be available within the next few weeks. The PRIT numbers came out on Friday so he was able to pull this report together for today. For summary purposes, he thought it would be helpful for us to see how the plan did for the year.

Tony noted that we talked at the last meeting about how strong markets had been at the end of the year. We can see that reflected in the year-to-date column of the report. The S & P was up over 18.0%. High-grade bonds were up 7.50% and international stocks were also up. Developed countries were up about 8.0% and emerging markets were up about 18.0%.

It turned out to be a pretty good year in markets despite the start and the COVID crisis that obviously is still very much impacting the economy.

The plan finished the year with over \$200 million in assets. The asset allocation is relatively close to targets - as you would expect by comparing the asset allocation to the target allocation column. We will work toward moving the portfolio back closer to target as we move through the normal course to raise funds for pension payments and other bills that impact the plan. These transactions will naturally rebalance the portfolio.

The slight underweight to fixed income and corresponding overweight to equities is largely a result of the incredibly strong equity markets over the last couple of months.

From a return standpoint, in the quarter, the plan was up 9.6%. That brought the calendar year to 9.7%. The portfolio was basically flat coming into the fourth quarter and the fourth quarter made the year comfortably ahead of the actuarial target that we talk about. As you know, you do not usually get the steady 7.0% or so return - it comes in chunks. Last year we saw 16.0% and this year, 9.70%.

Wellington had a nice year returning 9.2%, - which is ahead of their benchmark. The Rhumblin mandates were in line with their benchmarks on the year – which is their objective. Acadian was ahead for the year - 9.9% versus 7.8% for the benchmark. The traditional dedicated asset investment managers all did well for the year.

The real estate fund is basically in line with the index. PRIT general allocation fund was up 12.0% - this makes up one-quarter of the portfolio. Russell was up 6.0%. Six percent of one-quarter of the portfolio is obviously the biggest drag. They did out pace in the quarter by about 1.2% but it was not enough to offset the underperformance that occurred in the first part of the year. The other laggard was the hedge fund sleeve – which is run by PRIT. It was up 1.3% with the typical hedge fund index up 10.0%. Pretty disappointing results out of that portion of the portfolio as well.

Last quarter we did see value outperform while growth and non-US equities outperformed US equities. Those were two biases built into the Russell portfolio. These two biases harmed their performance in the beginning of the year but were helpful in the last quarter. We would have hoped that they would have outperformed by a little bit more. As we have talked about previously, we will be monitoring this very closely going forward. The outperformance is in line with what we would expect given what lead last quarter. If that persists into the next few quarters, which only time will tell, then Russell has potential to recapture that underperformance. If that persists and they do not outperform, then I think that becomes the real discussion in terms of their role in the portfolio.

Tony reviewed the calendar of manager meetings with Board. We have scheduled the three active managers over the next three months and then we will have PRIT and Rhumblin. Then, in the fourth quarter we will have those three active managers again. This schedule gives us flexibility in the event there are market circumstances that warrant having a different manager in or not having a manager in at all. In the second half of last year, the presentations by Wellington and Acadian were truncated because we had just heard from them and not a lot had changed.

Tony concluded his presentation and the Board thanked him for his time.

#### **PERAC MEMOS:**

The Board was notified of the following PERAC Memos: PERAC Memo #39/2020 – Tobacco Company List; PERAC Memo #1/2021 – Annual Review of Medical Testing Fee; PERAC Memo #2/2021 – 2021 Limits under Chapter 46 of the Acts of 2002; PERAC Memo #3/2021 – 2021 Limits Under Section 23 of Chapter 131 of the Acts of 2010; PERAC Memo #4/2021 – COLA Notice – CPI set at 1.3%; PERAC Memo #5/2021 – PROSPER SFI Online Submission; PERAC Memo #6/2021 – 2021 Interest Rate set at 0.1%; and PERAC Memo #7/2021 – Buyback and Make-up Repayment Worksheets.

#### **CASH BOOKS:**

The Board was notified that the cash books for October and November are available for their review.

#### **PERAC Memo #4/2021 – COLA Notice:**

PERAC is providing this notice regarding the COLA Report as required by Chapter 17, Section 8(c) of the Acts of 1997. The notice indicates that any increase to retiree's social security benefit is based on the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). This index is used annually to adjust benefits paid to social security retirees and beneficiaries.

Pursuant to Chapter 32, Section 103(c), retirement boards that grant a cost-of-living adjustment will use 1.3%. Pursuant to Section 103(i), a Retirement Board, with proper notice to the legislative body, may elect to increase this percentage up to 3.0% at a duly called meeting. By statute, this process should be completed prior to June 30, 2021.

Town Meeting 2020 approved the Board's request to increase the annual cost-of-living base from \$12,000 to \$14,000 effective July 1, 2021.

Over the past 20 years, the Board has used a COLA base of \$12,000 and has granted a 3.0% increase or \$360.00 per year for each eligible retiree.

If the Board were to apply the 1.3% to the new COLA base of \$14,000, each eligible retiree would receive an annual adjustment of \$182.00, which is a difference of \$178.00 less per year than what was being granted under the old COLA base during the past 20 years.

Brian Whitney noted that part of the reason why the Board should maintain the 3.0% COLA adjustment even though we increased the COLA base is because the CPI-W increase is applied to an individual's entire social security benefit whereas the members of the Concord Retirement System would only be getting the increase on the first \$14,000.00. Brian also noted that there have been years when the CPI-W was higher than 3.0%. Again, the higher adjustment was paid on the full amount of an individual's social security benefits whereas the Board is limited to no more than a 3.0% increase and only a portion of the actual retirement allowance.

Peter suggested that the Board grant a local cost-of-living adjustment of 3.0% in order to provide the retirees a cost-of-living increase that was at least equal to the increase retirees have received over the past 20 years.

**MOTION:**

Brian Whitney motioned to grant a 3.0% increase on the first \$14,000.00 of annual retirement benefits effective July 1, 2021 for all eligible retirees which is consistent with the percentage increases granted by the Board for the past 20 years and consistent with other Massachusetts public retirement systems. Mary seconded the motion. **Voted unanimously.**

**MILITARY SERVICE CREDIT PURCHASE**

Yvonne Libby, a member of the Concord Retirement System, has requested an opportunity to purchase military service credit. At the time of Yvonne's hire with Concord, she was given the Notice of Potential Benefits Pursuant to Massachusetts General Laws, Chapter 32, Section 4(1)(h). She signed the form indicating that she was not a veteran. As the Board's administrator was gathering all the necessary information to process a retirement benefit for Ms. Libby, she noticed a DD214 form in Ms. Libby's file. Ms. Libby was asked why she indicated that she was not a veteran and she responded that she did not think she was because she was confused by the form. Linda Boucher, Retirement Board Administrator, forwarded a copy of Ms. Libby's DD-214 Form to PERAC for their opinion. Katherine Brady, Esq. with PERAC confirmed that Ms. Libby's time served in the military constitutes veteran's status. Therefore, Ms. Libby has asked the Board to allow her to amend her form and to purchase military service credit.

**MOTION:**

Arnold Roth motioned to approve the veteran's buyback request for Ms. Libby. Brian Whitney seconded the motion. **Voted unanimously.**

**APPROVAL OF FISCAL YEAR 2022 FUNDING SCHEDULE:**

Jim Lamenzo from PERAC contacted the retirement office to ask if it was the Board's intention to keep the Fiscal Year 2022 appropriation the same as the Fiscal Year 2021 appropriation. After having a conversation with Mr. Lamenzo, Linda Boucher reviewed the minutes from 2020 and noted that the Board did not formally adopt the Fiscal Year 2022 Funding Schedule.

**MOTION:**

Arnold Roth motioned to approve the Fiscal Year 2022 funding schedule as found on page 3 of the January 1, 2020 Actuarial Valuation. Brian Whitney seconded the motion. **Voted unanimously.**

**RETIREMENT OFFICE POLICIES, PROCEDURES AND RENTAL AGREEMENT:**

Kerry Lafleur noted that her main concern was to make sure the Board has a lease agreement with the town for their occupancy at 55 Church Street. Additionally, there are still a few loose ends that need to be closed to complete the process of the Board's independence from the town.

Kerry noted that the town appears to be having a stronger interest in the space located at Church Street than it did six months ago. We now have town offices that have been moved over to 55 Church Street and there has been talk about how great it is to have town administrative offices in West Concord. Possibly, the town would like to keep some staff at Church street which causes concern for Kerry as to what that would mean for the Board's space.

Peter noted that he walked through the building the night before and had asked Ms. Hodges who would be going back to the town and who would be staying in their new location. Peter noted that it was speculated that everyone at Knox Trail would be returning to 22 Monument Square. However, he noted that it was not clear as to the intention of the town to occupy more space at 55 Church Street. He asked Kerry if she knew if the Town's intention is to usher the Board out of their location.

Kerry noted that the town staff currently working at 55 Church Street is working pretty hard to get approval to remain at 55 Church Street permanently - which presents a problem for the Board. The conference room that the Board is paying for as part of the rent has been converted into an office and is no longer available.

Peter noted that during a discussion in the retirement office the night before, he experienced loud recreational noises like jumping, weights dropping and very loud music coming from overhead the retirement office. This noise did not strike him as a good "mixed use" of the building. Peter asked if the recreation component should stay in an office environment?

Kerry noted that the building was purchased by the town with general fund money with the intent to be used for recreational and human services.

Peter commented that whether that was the case or not, it does not seem to be a good mix for an office setting and that the recreational activities should be scheduled at the Hunt gym or at the very least in the basement of 55 Church Street and not on a third floor over administrative offices.

Brian noted that one of his thoughts would be to get a lease agreement from Tom Gibson that reflects everything that we started with 3-years ago including access to the conference room, the rate we are paying and the square footage that we are paying for. If there are changes that the town wants to make or if they do not want to sign the lease agreement, then at that point, the Board will be able to move forward. If the Board has lost office space or the use of the conference room then the Board will have to make a decision or renegotiate the terms of the lease including the price that we are currently paying to reflect the loss of a conference room or if the Board needs to move to another location.

Kerry noted that the Board currently pays \$21,000.00 per year to occupy space at 55 Church Street, inclusive of services, supplies and utilities.

If the town decides not to sign a lease agreement or if we lose space or space changes, then the Board will assess their options.

Arnold asked what the Board can use for conference room space if we are going to be staying at 55 Church Street. Kerry noted that at this point, the conference room is not available until after June when the Town House reopens. The speculation is that after June when the town house reopens that the conference room space will not become available because there is a strong interest in having those staff members remain in the building.

Peter would like to suggest that as Kerry has future conversations with the town regarding the use of the building that she makes it known that retirees and members of the retirement system also enjoy the location of the retirement office. Linda Boucher commented that one of the main reasons the Board was compelled to leave the space at 22 Monument Square was the lack of privacy for the members and retirees. Now, with Senior Management occupying space at 55 Church Street, the Board is facing the same privacy issues that it had at 22 Monument Square.

Arnold also commented that if we cannot use the conference room located at 55 Church Street, then there is no point in drafting a lease agreement for the use of this space. Mary commented that the Board should start with something. We need to put the lease in front of the town so they can make the decision whether they are going to sign the lease agreement or are the town employees are going to stay. If they stay, then the Board has its decision.

Peter agreed that the lease would declare our interest in staying at 55 Church Street. Obviously, the lease would need to include the services that will be provided as well as use of a conference room. Peter suggested that the recreation program could be eliminated from the third floor which would then allow for offices to be set up on the third floor. If there are going to be other administrative offices in the building, a third-floor gym would most likely not work for those offices either. We have all heard the groups coming in and out of the lobby when we were having live meetings in the conference room.

Kerry noted that the town has spent so much money to outfit the third floor that she believes the town will not have any interest in converting the space into offices. She noted that the third floor is set up like a yoga studio with special flooring and lighting and bars on the wall. The improvements that were made were not financially insignificant.

**There being no further business before the Board, it was upon motion made and duly seconded that the meeting adjourned at 10:20 a.m.**

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Peter J. Fulton, Chair, Elected

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Mary M. Barrett, Ex Officio

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Kerry A. Lafleur, Appointed

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Brian J. Whitney, Elected

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Arnold D. Roth, 5<sup>th</sup> Member, Appointed