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 Wednesday, May 27, 2020 through Zoom Meeting ID No.: 546 896 9127 at 8:30 a.m.

Present: Peter J. Fulton, Chair, Elected
Mary M. Barrett, Ex Officio
Kerry A. Lafleur, Appointed
Brian J. Whitney, Elected

Also Present: Linda A. Boucher, Retirement Administrator
Anthony Tranghese, Investment Consultant, FIA
Brian Meath, CFA – Managing Director, Head of Portfolio Management, Russell Investments
Andrew Horenbein, Senior Client Investment Analyst, Russell Investments
Steven Flynn, Director, Institutional Investment Solutions, Russell Investments

Absent: Arnold D. Roth, 5th Member, Appointed

Chair Peter Fulton opened the meeting at 8:35 a.m.

The Board unanimously approved the April 27, 2020 meeting minutes.

The Board unanimously approved the April 30, 2020 retiree payroll as follows:

Pension: $651,779.64
Annuity: $23,313.51
Total Payroll: $816,074.18

The Board unanimously approved the following expenses:

MIIA FY 2021 Workers Comp. premium $ 342.00
Russell Investments Invoice No.: 20200331-233-A $64,789.95
Connection Invoice #57660513 – printer ink $ 368.97
ADP, Inc. Invoice No.: 556592198 $ 1,884.18
Town of Concord Reimb. mo. tel. chg. /Q4FY20 tel. maint. $ 110.99
Stone Consulting, Inc. Actuarial Consulting Services April 2020 $ 6,075.00
Subtotal: $73,571.09

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

Wakefield Retirement Board Mary Sweeney $ 3,768.04
Chelsea Retirement Board Patrick O’Connor $ 1,424.32
Subtotal: $ 5,192.36

Grand Total: $78,763.45

New Members

<table>
<thead>
<tr>
<th>Name</th>
<th>Unit</th>
<th>Department</th>
<th>Position</th>
<th>Hire Date</th>
<th>Group</th>
</tr>
</thead>
</table>

The Board acknowledged there were no new members.
The Board unanimously approved the following new retirements:

<table>
<thead>
<tr>
<th>Name</th>
<th>Unit/Group</th>
<th>Department</th>
<th>Position</th>
<th>Retirement Date</th>
<th>Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>John E. Bendel</td>
<td>Town/4 Fire</td>
<td>Fire</td>
<td>Firefighter</td>
<td>04/28/2020</td>
<td>34.5000</td>
</tr>
<tr>
<td>Francis Prunier</td>
<td>School/1 CCRSD</td>
<td>Bld. Svc. Worker</td>
<td>06/27/2020</td>
<td>27.5000</td>
<td></td>
</tr>
<tr>
<td>Joanne Graziano</td>
<td>Town/1 Assessing</td>
<td>Senior Clerk</td>
<td>06/12/2020</td>
<td>24.7500</td>
<td></td>
</tr>
<tr>
<td>Anna Romanov</td>
<td>School/1 CPS</td>
<td>SPED Tutor</td>
<td>06/01/2020</td>
<td>13.5000</td>
<td></td>
</tr>
<tr>
<td>Richard Reine</td>
<td>Town/1 CPW</td>
<td>Director</td>
<td>06/01/2020</td>
<td>13.1667</td>
<td></td>
</tr>
</tbody>
</table>

The Board unanimously approved the following Option B refunds:

<table>
<thead>
<tr>
<th>Name</th>
<th>Unit/Group</th>
<th>Department</th>
<th>Position</th>
<th>Amount</th>
<th>Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Option B Refund:</td>
<td>School/1 Transportation</td>
<td>Bus Driver</td>
<td>Retired – Deceased April 26, 2020</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Beneficiaries:**
- Denise Jodice: $1,870.02
- Lisa Jodice: $1,870.01
- Jacqueline Jodice: $1,870.01
- Christopher Jodice: $1,870.01
- Peter Jodice: $1,870.01

The Board unanimously approved the following transfers to another system:

<table>
<thead>
<tr>
<th>Name</th>
<th>Unit/Group</th>
<th>Department</th>
<th>Position</th>
<th>Amount</th>
<th>Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zachery Vaillette</td>
<td>Town/1 Human Services</td>
<td>Rec. Prog/Events Mgr</td>
<td>$28,868.69</td>
<td>4.4167</td>
<td></td>
</tr>
</tbody>
</table>
| Transferring to Arlington Retirement Board
- Rod Robinson | Town/1 CPW | Env.Svs. Prog. Admin | $101,026.39 | 11.9167   |
| Transferring to State Board of Retirement

The respectfully acknowledged the following death:

John Jodice – born July 30, 1934. John became a member of the Concord Retirement System on February 7, 1994 as a Bus Driver for the Concord Public and Concord-Carlisle schools. He worked in this position for 24 and one-half years before retiring on June 27, 2015. Mr. Jodice passed away on April 26, 2020 at the age of 85.

INVESTMENT PERFORMANCE REVIEW – RUSSELL INVESTMENTS

Peter Fulton acknowledged Russell’s team and turned the floor over to Steve Flynn.

Steven Flynn began the presentation by noting that we are amid an incredible anomaly as far as world markets are concerned. Anxiety of the Corona Virus are causing an emotional bear market. It took 16 days to hit bear market territory resulting in a 20% reduction in market values globally.

The first quarter of the year was an extreme market event. The biggest irregularity is the disparity in performance between growth and value within the equity markets with growth outperforming value by 18.0%.

We are currently maintaining our overweight to value; but, an 18.0% difference between the two styles is unsustainable. We are positioned for a return to the mean. April made up about 2.0% of the loss compared to the benchmark and May is positive to the benchmark (gross performance figures).
Steve introduced Brian Meath to the Board and Brian continued with the presentation. Brian referred the Board to page 5 of his handout. He noted that the Russell Multi-Asset Core Fund contains a “market basket” of return seeking styles - a go anywhere fund. The fund consists of 75% Global Equity; 15% Marketable Real Assets; and 10% U.S. Fixed Income.

Andrew Horenbein was introduced to the Board and he continued with the presentation from this point. Andrew noted that the position of the portfolio going into Quarter 1 (pre-pandemic) reflected an expectation of a positive “mini-cycle”. There was less concern about trade wars. The Fed’s action to maintain the target range for federal funds at 1 ½ - 1 ¾ and the Chinese stimulus were all included in the expectations. That is when Russell rotated the portfolio away from growth companies that we thought were less valuable.

The first quarter ended as a tale of 2 different periods. In the beginning of the year, growth was doing well and markets were going up. On February 18th, markets peaked and then, by March 23rd, the markets had dropped by 20%. This was the fastest decline to a bear market in history. At the same time, there was a complete withdrawal of supply and demand.

Oil prices came out the weekend of March 5th and March 6th showing a 54% drop in oil prices. Our attempts to mitigate the damage by rebalancing or adding back some risk added over 100 basis points of excess return, however, that was all washed out by the negative returns at the end of the quarter.

What helped us with performance and positioning was defensive exposure, infrastructure underweights and health care and staples over weights. What hurt us was manager stock selection, overweight value within equity, over weights to Non-US and underweight technology and mega cap FANG (Facebook, Amazon, Netflix and Google) stocks.

Actual first quarter numbers reflect a brutal quarter. There is no excuse for returns that were well shy of expectations. Excess returns in April were due to stock selection.

We expected value managers to perform better. Performance numbers are 2, 3 or 4 times what these managers have suffered in the past. We still have a high level of confidence in these managers to do once again what they have done so well in the past. We are in contact with underperforming managers every six weeks.

The underperformance of value versus growth explains why we are partially rebounding in April.

Steve Flynn addressed the fund outlook and positioning going forward. He noted that the portfolio is currently tilted to overweight value versus growth.

As Steve wrapped up the presentation, he noted that emotional fear has driven the market and has distorted both supply and demand. The market will heal and will move higher as we see economic recovery.

The team from Russell Investments concluded their presentation and the Board thanked them for their time.

ACTUARIAL VALUATION – PRELIMINARY RESULTS
Larry Stone, Actuary at Stone Consulting, Inc., provided the Board with the preliminary results of the January 1, 2020 Actuarial Valuation. Larry noted that, interestingly, the current market turmoil has no impact on the January 1, 2020 valuation. The results used in the valuation do not take effect until Fiscal Year 2022.

The Fiscal 2021 contribution is $6,441,792.00 with each subsequent year’s contribution increasing by about $200,000.00 - which is close to level funding. There was a $14.5 million asset gain for 2019 which will be recognized over the next four years (asset smoothing). If the Board were to maintain the current funding level and discount rate, it would shorten the funding schedule by multiple years.

Kerry noted that the town is comfortable paying the Fiscal Year 2021 appropriation as set forth in the current funding schedule. The town has a Pension Reserve Fund that could be used to smooth out any increases that may impact the current budget. However, absent Town Meeting authorization, the town lacks the authority to pay more than 1/12 of the Fiscal 2021 budget appropriations.
There is a slight concern at the Regional School District though. Due to proposed cuts in Chapter 70 disbursements, the school is expecting a revenue shortfall of around 25%.

PERAC Memo #22 allows for Boards to apply the full discount to appropriations that are received after July 31, 2020. Kerry noted that it would be possible for the town to pay 1/12 of the scheduled appropriation for the first three months of Fiscal 2021 with a lump-sum payment due in October for the remaining balance.

Due to the regional schools concerns, Larry Stone noted that he would contact PERAC to see if there could be separate funding schedules for each member unit of the retirement system until such time as budgets could be approved.

Larry told the Board that there is nine years reaming on the current schedule. The planned Fiscal 2022 contribution is $6,754,445.00 and assumes payments will be made in the beginning of the fiscal year. Gains and losses are recognized over a 4-year period with a $4.5 million net gain to be recognized in future years, reducing required contributions. The annual market value return for 2019 was $16.1%.

The Board could use a 7.0% discount rate, 0% amortization and a 5-year schedule which would result in a Fiscal Year 2022 appropriation of $6,441,792 – a zero dollar change from Fiscal Year 2021. Another option would be to use a 6.75% discount rate, 0% amortization and an 8-year schedule, which would result in a Fiscal Year 2022 appropriation equal to Fiscal Year 2021. Or, a 6.75% discount rate, 0% amortization and a 7-year schedule which would increase the Fiscal Year 2022 contribution to $6,774,761.00, an increase in appropriations of about $332,000.00 with a shorter schedule.

**MOTION:**
Brian Whitney motioned to adopt the Funding Schedule described on page 3 of the January 1, 2020 actuarial valuation using a 6.75% discount rate, a 0% amortization and an 8-year schedule length. Kerry Lafluer seconded the motion. Voted Unanimously.

**FISCAL YEAR 2021 APPROPRIATIONS:**
After reviewing the options available for the Fiscal Year 2021 Appropriations and PERAC Memo #22/2020, Kerry noted that the town is not looking to change the value of the contribution. She would be looking for the Board to approve a modified payment plan until such time as the budget can be approved at Town Meeting.

**MOTION:**
Brian Whitney motioned to allow Fiscal Year Appropriations to be paid in monthly instalments until the Fiscal Year 2021 budgets are passed with any remaining balances to be paid in a one-time, lump-sum, without interest. Mary Barrett seconded the motion. Voted Unanimously.

**COLA VOTE:**
The Board notified its legislative body at least 30-days prior to today’s meeting that they would be voting to approve a cost-of-living adjustment for all eligible retirees effective July 1, 2020. That notice was sent on March 12, 2020 and no opposition was received.

**MOTION:**
Brian Whitney motioned to grant a 3.0% cost-of-living adjustment on the first $12,000.00 of annual retirement benefits to all eligible retirees effective July 1, 2020. Kerry Lafleur seconded the motion. Voted unanimously.

**INVESTMENT CONSULTANT REVIEW:**
Tony Tranghese provided the Board with a review of investment performance. Tony noted that at the end of 2019, the market value of assets was $184 million. At the end of the first quarter 2020, the portfolio was down 13.0% to $157 million and is up to $167 million at the end of April. May has been a flat month.

The plan is up 6.2% for the month. It was down 13.0% in the first quarter and down 7.8% year-to-date. Last year at this time, the plan was up 16.0%. Most of the negative performance is coming from the Russell mandate. Wellington beat the benchmark for the month. Year-to-date, bonds are up 4.4% versus Wellington’s performance of 5.0%. Wellington is ranked in the 28th percentile for the month.
ELECTION RESULTS:
The term of one of the elected members was ending on May 29, 2020. The Board received qualified nomination papers from three individuals. The election was held on Friday, May 22, 2020 at 3:00 in the Retirement Office located at 55 Church Street, West Concord, MA. The results of the election are as follows:

Ballots were mailed to 868 eligible voters. Of those eligible, 298 ballots were returned. Brian Whitney received 123 votes, Wayne Busa received 67 votes and Kevin Walsh received 60 votes. There were 48 ballots that were disqualified because the instructions were not followed. Congratulations to Brian Whitney for his successful election. Brian’s new term commences on May 29, 2020 and expires on May 28, 2023.

ADMINISTRATIVE PROCEDURES DURING THE PANDEMIC:
One of the biggest obstacles for Board Administrators during the pandemic is obtaining board member signatures. PERAC conducted a webinar in which this issue was addressed. PERAC noted that Board’s can make a policy relative to Board minutes and warrants that, after these items have been reviewed by the Board, the Board authorizes the Executive Director or Board Chair to sign on behalf of other Board members.

Regarding warrant approval, the Executive Director should ask each board member to send an email indicating their approval.

The Board has determined that each Board member will send an email approving the warrants and minutes. The documents can be formally signed at a future date.

CASH BOOKS:
The February cashbooks were made available for the Board to review.

There being no further business before the Board, it was upon motion made and duly seconded that the meeting adjourned at 10:58.

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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