

MINUTES OF MEETING HELD FEBRUARY 16, 2023

Chairman Thomas V. Thibaut, Jr. called the meeting of the Watertown Contributory Retirement Board to order at approximately 8:30 AM, Administration Building, 149 Main Street, Philip Pane Hearing Room. Board Members present at the meeting were, Chairman Thibaut; Mr. Thomas J. Tracy; Mr. John Loughran; and Ms. Kathleen Kiely-Becchetti. Mr. Domenic Duke Arone participated remotely. Staff members present were Director Barbara A. Sheehan and Administrative Assistant, Kayla Sheehan. Attorney Thomas F. Gibson was in attendance. Mr. Chris Rowlin and Mr. Richard Carey of Fiducient Advisors gave the investment review.

Confirm Next Monthly Meeting:

The next monthly meeting was confirmed for March 16, 2023.

Examination of Minutes:

From meeting held on Thursday, January 19, 2023.

A MOTION WAS MADE AND SECONDED TO APPROVE MINUTES AS WRITTEN. A ROLL CALL VOTE WAS TAKEN AND RECORDED AS FOLLOWS:

Mr. Loughran	YES
Mr. Tracy	YES
Mr. Arone	YES
Ms. Kiely-Becchetti	YES
Chairman Thibaut	YES

Note Deaths of Members/Beneficiaries:

Board Reviewed PERAC Correspondence:

MEMO'S:

#05/2023	01/19/23	PROSPER Cash Books and Annual Statement Submission
#06/2023	01/23/23	Buyback and Make-up Repayment Worksheets
#07/2023	01/27/23	2023 Interest Rate set at 0.1%
#08/2023	01/30/23	Actuarial Data

Review Applications For Benefits:

Applications For Membership:

A MOTION WAS MADE AND SECONDED TO APPROVE APPLICATIONS FOR BENEFITS. A ROLL CALL VOTE WAS TAKEN AND RECORDED AS FOLLOWS:

Mr. Loughran	YES
Mr. Tracy	YES
Mr. Arone	YES
Ms. Kiely-Becchetti	YES
Chairman Thibaut	YES

Refunds of Accumulated Retirement Deductions:

A MOTION WAS MADE AND SECONDED TO APPROVE APPLICATION FOR REFUND OF ACCUMULATED RETIREMENT DEDUCTIONS. A ROLL CALL VOTE WAS TAKEN AND RECORDED AS FOLLOWS:

Mr. Loughran	YES
Mr. Tracy	YES
Mr. Arone	YES
Ms. Kiely-Becchetti	YES
Chairman Thibaut	YES

Transfers of Deductions to Other Retirement Systems:

A MOTION WAS MADE AND SECONDED TO APPROVE TRANSFERS OF DEDUCTIONS TO OTHER RETIREMENT SYSTEMS. A ROLL CALL VOTE WAS TAKEN AND RECORDED AS FOLLOWS:

Mr. Loughran	YES
Mr. Tracy	YES
Mr. Arone	YES
Ms. Kiely-Becchetti	YES
Chairman Thibaut	YES

Review Warrants:

A MOTION WAS MADE AND SECONDED TO APPROVE THE WARRANTS AS AMENDED. A ROLL CALL VOTE WAS TAKEN AND RECORDED AS FOLLOWS:

Mr. Loughran	YES
Mr. Tracy	YES
Mr. Arone	YES
Ms. Kiely-Becchetti	YES
Chairman Thibaut	YES

Director's Report:

Director Sheehan reported on her conversations with Dan Sherman, of Sherman Actuarial & John Boorack, PERAC's Actuary regarding the FY24 funding schedule adopted by the Board. It was confirmed that the funding schedule adopted by the Board showed the FY24 appropriation as being \$0 and no Normal Costs are due. Mr. Sherman confirmed that the WHA has caught up as of FY23 and has no amount due for FY24.

Mr. John Galvin, PERAC's new compliance director has contacted the office regarding Berman Tabacco still being considered as a vendor for the Board as they have submitted the Disclosure Form. We will formally terminate Berman Tabacco in writing and cc Mr. Galvin of PERAC, as we did with Wolf Popper.

Since the appeal time has expired in the pension forfeiture case of Roberto Velasquez-Johnson, Director Sheehan was instructed to contact him via email to discuss how to send/receive the return of his retirement contributions.

It was reported that the 5% COLA Option recommended to the City Authorities was on the council's Agenda for their February 14, 2023 meeting and was referred to the Committee on Budget and Fiscal Oversight for review and report to the full City Council.

Cash Books for period ending November & December of 2022:

The Board reviewed and approved the following reports for periods ending November & December, 2022, which were prepared by Director Sheehan and submitted to PERAC.

- Cash Receipts Journal
- Cash Disbursements Journal
- Adjustments Journal
- Trial Balance Report
- General Ledger
- Cash Reconciliations for accounts #1040, #1041, & #1043

Committee Reports:

There were no Committee Reports

Old/Unfinished Business:

There was no old/unfinished business discussed.

New Business:

There was no new business discussed.

Legal Update:

Attorney Gibson reported on his dealings with EnTrust in trying to finalize the Side Letter and the subscription documents. To date neither have been completely finalized. Chairman Thibaut will contact EnTrust to find out what the holdup is.

Attorney Gibson reported and commented on pending Board issues as well as general retirement issues of interest.

At the conclusion of the legal update, Attorney Gibson left the meeting.

Investment Review:

Mr. Rowllins and Mr. Carey gave a detailed performance analysis of the System's investment portfolio for the 4th quarter of 2022. The Board seemed satisfied with the report. The market value of assets at December 31, 2022 totals \$240,020,471.00.

Fiducient Advisors modeled out several asset allocation scenarios using the firm's year-end capital market assumptions. Mr. Rowllins and Mr. Carey pointed out that the restoration of higher interest rates is expected to produce higher returns for fixed income investments on a go forward basis while lower valuations for global equities has produced modestly higher return expectations as well. After reviewing the analysis and examining the current portfolio mix and alternative mixes with various risk and return profiles, the Retirement Board agreed to adopt Mix D, as presented in Fiducient's 4Q report, as the plan's long-term portfolio allocation. The Board and Fiducient agreed that transitioning from the current allocation to Mix D would occur over several quarters taking into account rebalancing needs, cash flows, and capital market performance.

A MOTION WAS MADE AND SECONDED TO ADOPT MIX D AS THE PLAN'S LONG-TERM PORTFOLIO ALLOCATION. A ROLL CALL VOTE WAS TAKEN AND RECORDED AS FOLLOWS:

Mr. Loughran	YES
Mr. Tracy	YES
Mr. Arone	YES
Ms. Kiely-Becchetti	YES
Chairman Thibaut	YES

The Board heard detailed presentations from the Board's finalists in the Unconstrained Fixed Income investment. At the conclusion of the PIMCO presentation Mr. Arone left the call eliminating the need for roll call voting.

- PIMCO Dynamic Bond
- BlackRock Strategic Income Opportunities.

A MOTION WAS MADE AND SECONDED TO HIRE BLACKROCK AS THE SYSTEM'S UNCONSTRAINED FIXED INCOME MANAGER. VOTED 3-1

Ms. Kiely-Becchetti voted NO

Fiducient reported that they have been in discussion with ABS and was informed that ABS had a meeting with PERAC to discuss PERAC's communication around compliance with Memorandum #14. ABS had indicated that it was a productive meeting and were optimistic on a favorable opinion from PERAC. Fiducient suggested that the Board wait until ABS receives a favorable opinion from PERAC before reposting the Emerging Markets Equity RFP.

Adjournment:

A MOTION WAS MADE AND SECONDED TO ADJOURN THE MEETING AT 11:05AM. SO VOTED